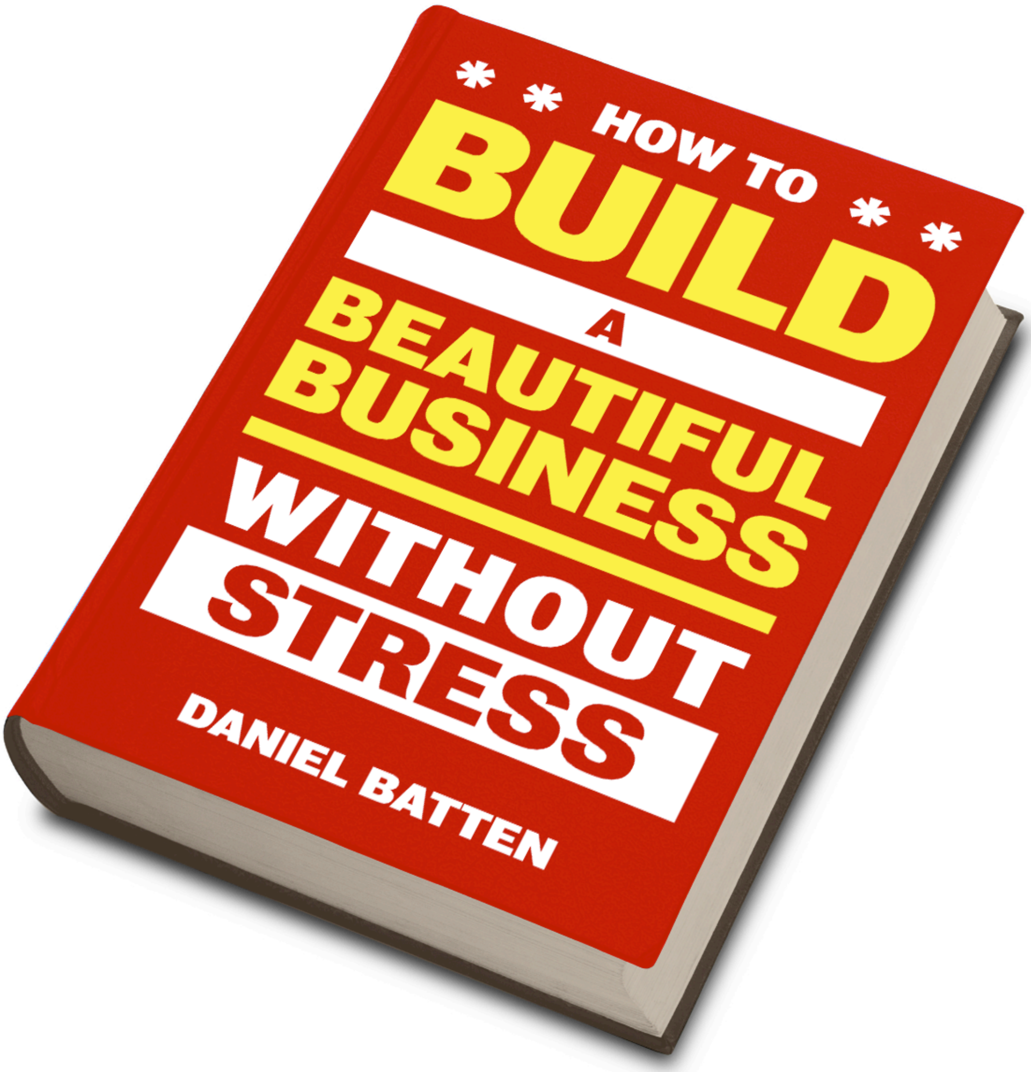

"How to Build A Beautiful Business Without Stress, even if you have no money, have no clue, and your lemonade-stand ran at a loss!"

By Daniel Batten

About The Author

Daniel is a serial entrepreneur and highly regarded entrepreneurship coach.

He has helped hundreds of people from startup entrepreneurs to CEOs of large companies to transform their mindset and business using tools you find in this book.

The results he helps clients to achieve using *authentic influence* include:

- His clients have raised close to $1Billion in investment capital.
- His clients grow their revenue an average of 152% in under a year (with profit growth even higher), making the average client he works with achieve Deloitte Fast50 level growth.
- For the last two quarters running – 100% of his clients have met or exceeded their aggressive growth targets.

Daniel has published too many articles on business, influence and entrepreneurship to list here. To find out more about his Beyond The Ceiling programs ...

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Where it all started

It was late summer in San Diego, September 2003.

I caught a taxi from the airport direct to UCSD. I had been sent to give a pitch at the University's special *Connect* program that trained people in the art of securing investment capital for their startup company.

If you had been with me that day, you would have seen in front of me in a small auditorium seated in a U-shaped formation of beige office tables, were a collection of venture capitalists, field experts, lawyers, and angel investors.

In short, the crème de la crème of San Diego's Dragons Den who between them had seen over 1000 investment pitches.

But they had never ever seen one as bad as they were about to see.

The first foreboding sign you would have seen on this sweltering day – was that every man in the room was dressed in board shorts and Hawaiian shirts except me.

I was overdressed, over warm and roasting at the front in a fine-knit woolen black suit, complete with high-buttoned jacket.

But the roasting didn't stop there.

When my pitch finished, I heard this rustling sound and I thought "Is that the sound of a check-book being extracted from a board short back-pocket?"

But no, it was Jay Kunin, principle at Finistere Capital Partners, inching his elbows forward on the beige desk as he peered over his specs to ask "is that it?"

Helen Schmidt, venture capitalist, a petite woman in an understated blouse and blue skirt, was the next to speak.

"If your product is so great, what's to stop a local firm here getting investment backing and getting to market before you?" It was a good question. Deserving of a good answer.

She wasn't about to get one from me. My reply was evasive and incoherent.

I was starting to realize there would be no check-books taken out of board short pockets or handbags today.

But it didn't stop there ...

Jay Kunin continued: "Your marketing plan was sketchy, the market size assumptions were wrong, the cost-of-sale was too high." were the first 3 of 7 faults he listed – **but it didn't stop there.**

- Then the scientists, "What is so unique about the science behind what you have done?"
- Then the lawyers, "What have you done to secure your IP?"
- Then the program director, "What is to stop anyone copying what you have done?"

40-minutes later, they gave their solitary two compliments: the first from program-director Greg Horowitt, who said

"Despite what anyone else says, I'm impressed ... that you are still standing".

They all laughed, and as they tapered off, Jay Kunin smiled, and offered:

"I like you ... but I really didn't like your pitch".

The return home ...

When I returned to my home town in Auckland, New Zealand, my cousin greeted me at the airport.

He said "so how was the big opportunity?"

I shook my head and told him how I blew it. I never forget what he said next. After he finished laughing.

It was one of those moments that can change your life. I know it changed mine.

... but more on that later.

I open the book with this story just in case you had some illusion that what you are about to read will only work if you have some inbuilt talent as an entrepreneur.

I want you to know with certainty that the principles in this book work for anyone.

Even someone who bombed as badly as I did! All it takes is your commitment to apply what you are about to read.

Congratulations

I want to acknowledge you and congratulate you on purchasing this e-book. You have done something that many talk about but few do: you have taken the first step towards your dream.

- Step Two is to commit to reading it.

I am amazed by the statistic that 90% of people, having purchased a book or online learning tool, feel comfortable once they've made the purchase, and never finish it.

- Step Three is to take action.

Most people never say "I'm not going to do that". They say, "I'll do that one day". Be sure that if you say "one day", what you really mean is "one lifetime ... probably not this one!"

To get the most out of your investment, my suggestion is that you make a commitment right now not only to

1. Complete this ebook, but to
2. Follow up and take the actions that you realize you need to take through reading it.

Have you committed?

Great! ... Then read on.

These three simple steps, purchase, read and apply, which you have just committed to take will give you an advantage that few people get to experience: **unstoppable momentum.**

Maybe you have a company you've had for many years, but it hasn't taken off to the level you would like. Maybe you've recently started a company. Perhaps you are working for someone else, and are thinking about starting your own venture.

Whether to you a beautiful business means one that

- Is valued at $1Million, or better
- Turns over $1Million per year, or better

- Earns $1Million per year profit, or better
- … or simply one that runs smoothly, turns over a nice profit, and that you love working in,

the tools and strategies in this book have helped people and companies achieve these goals and more.

The tools you will pick up in this book are tools I used to start a company worth $1.5Million just 326 days after incorporation. They are the tools I used to create a balanced business that gave me the chance to do what I loved every day, and less than I would have in a 9-5 job.

They are the same tools that many other company owners have used, to create their own million-dollar enterprises within record time.

What you will get when you read this

This book is the result of over 10,000 hours running businesses myself, mentoring business owners and interviewing successful entrepreneurs.

This is the book I would have wanted when I was starting out in business.

*****Warning: this book has side effects*****

As well as laying down the blueprint for your successful beautiful business, in this book you will also discover how to spend more time doing what you love, in a state of no-stress.

If you are currently in a 9-5 job, this book will show you how to make the transition easily and profitably.

If you have a business already, this book will show you how to grow it and – if required – how to get investment fast, and at the valuation you want.

How This e-Book is Different

Unlike other books on starting a business, this book addresses both the critical aspects you will need in order to create your own beautiful business

- The mindset and
- The mechanics

Think of this book like your virtual coach, helping and guiding you through what would otherwise be like trying to climb the Himalayas without a guide.

So are you ready? I mean are you really ready

- For some blunt truths in plain-English about business that lay down a formula you can follow for creating a successful startup business?

- For some myth-busters that will save you months – sometimes years?

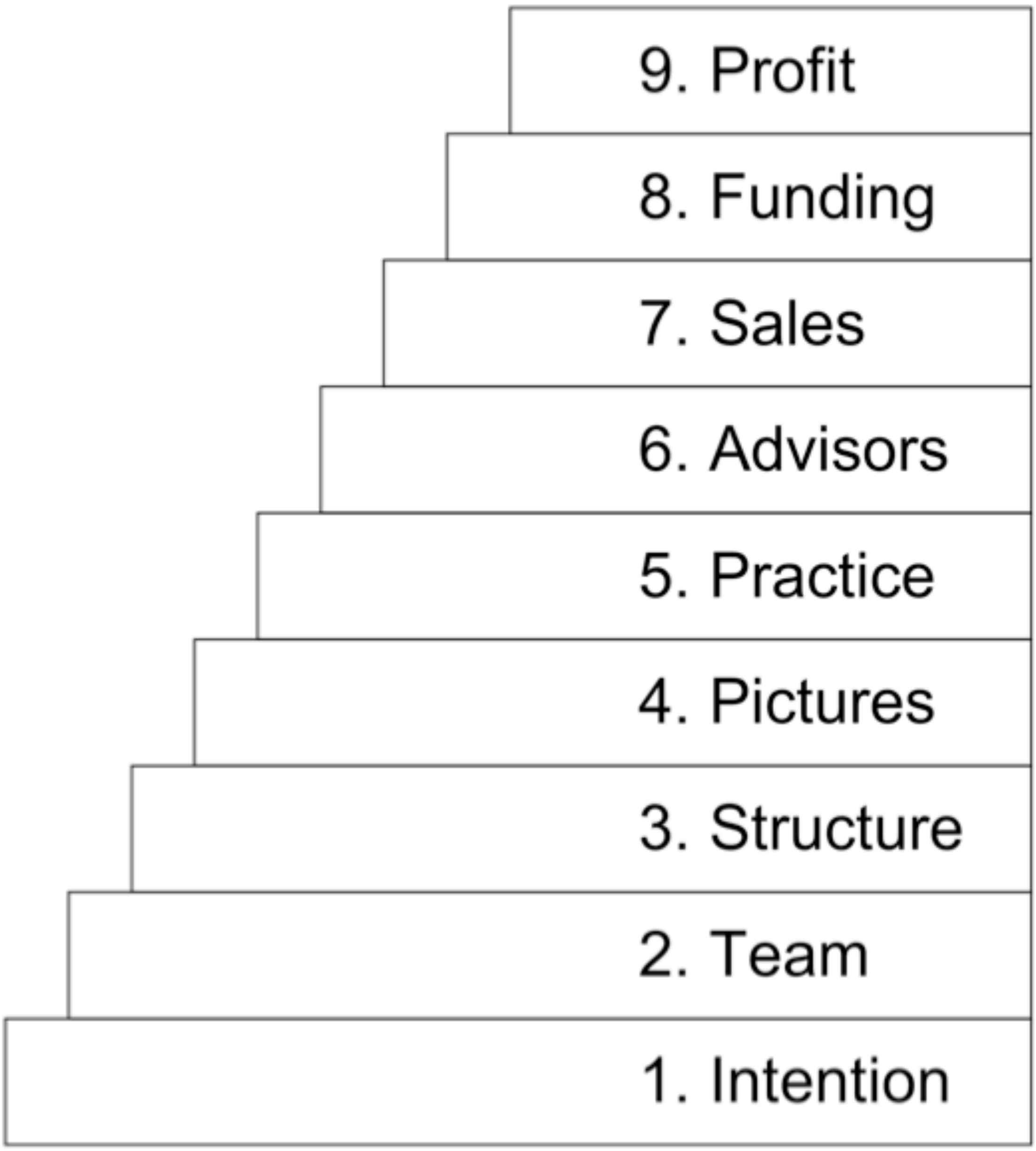
- To apply what you read?

If you are, then this will be the most invaluable resource you could have purchased at this time as you embark on your startup business.

I firmly believe that if you use the information, tools and strategies in this book, you too will have your own beautiful business, having got there without stress.

Section 1: Mechanics

The 9 Steps to Building a Beautiful Business



1. Intention: How to plant the right seed

Recently I was asked "but how do I know if my idea is any good?" It's not the first time someone has asked me this.

One of the best gauges of how good your idea is comes from Jim Collins, author of

Good to Great (Use http://amzn.to/bct4Zf if you have printed out this e-book)

Jim says your business focus must be at the meeting point of three things

- What you are passionate about
- What you are an expert at
- What you can make money doing

Most people think there are only a few ideas that can make money. The amount of ideas that can make money are in fact infinite. Why? Because any time you hear anyone complain, there is a potential product waiting to be made.

If someone complains, they are feeling pain: solve that pain cost-effectively and profitably and you have a potential business.

Choose an area with a global market that is bigger than $1Billion and you have a potential business that serious investors could put money into.

But if you are not the expert at it (or no-one on your team is) and you are not passionate about it, this idea is not the one you should be pursuing.

The road to entrepreneurial success is not always an easy one, and when the going gets tough, your passion will get you through.

Choose something you are not passionate about, and you will not get where you want to go.

And you will not enjoy not-getting-there!

If you still think you can get away with not doing something you are passionate about, this next section is for you.

Why it is dangerous to put your passion on hold

In one of the audio-programs I created to help people set and get goals, I coined a phrase that applies to this section

"Your feet can't move when your heart stands still"

Have you ever tried to literally walk around while keeping your heart in the same place? It's impossible. You can shuffle a little bit forward; enough to kid yourself for a moment that you are "moving". But that's it.

Have you noticed how people who are doing things they don't enjoy often say something like "I'm just doing this for a short while, and then I'll be able to..."

That is true for up to one season in duration.

... But if you are still doing things you really don't enjoy after three months of becoming conscious that you don't enjoy what you are doing, then chances are you have what Zig Ziglar calls *"a chronic case of stinking thinking".*

Examples:

1. An entrepreneur starts a business because she loves "x", and wants freedom. Three years later, she is operating the business (which she hates), doing very little of "x", with less money and less freedom than she had as an employee.

2. An employee says "I'll do this job *for now* to pay off the mortgage". Twenty years later he still doesn't really enjoy work. And he still doesn't think he has enough financial buffer to leave.

3. An artist takes the plunge and "does what she loves" but doesn't earn much money from it, so carves 30-40 hours a week to do itinerant work to support what she does until she "makes it big".

Each person is living life from the standpoint of "I will be happy when"

It could be "I will be happy when ..."

- I get the house paid off

- I get a boyfriend/girlfriend/husband/wife

- We have won this big account

- As soon as our company has had its IPO

But even if the entrepreneur does "make it" – so what?

For 10 years, she has practiced putting on hold what she loves – and so this is what she's become an expert at.

Even if she decides to give-back by becoming a business mentor, she will only be able to mentor other companies in "how to stress out and eventually get there."

Have whatever you want in this life – but know that the minute you say "I will be happy when" … you are fooling yourself utterly.

Rather than "follow your heart" I would say "move with your heart".

Your feet can't move when your heart stands still.

The critical first step most people never do

Before you even choose an idea, there is something even more important than this that most books never talk about.

That is your intention.

If your idea is the seedling, then your intention is the seed.

And everything starts from a seed.

And whatever is contained in that seed – the good and the bad – will all grow.

Are you beginning to see how important your intention is and why this is the first chapter of this book?

Planting the wrong intention is like planting a lemon seed and then expecting peaches.

Intention means: ''Why you are doing it in the first place''.

Every successful business I have seen started with a clear intention. So before you read any more of this book, write down your

1. **Objective:** what you are going to do?

2. **Intention:** why you want to do it?

Get Specific With Your Intentions

For some people, the intention will be "to have financial freedom". For others it is "to make a difference in the world".

Others may want "to have freedom and flexibility with my own time". In each case, get clearer than this. If you want financial freedom – how much, and by when? What does it look like?

If you want to "make a difference" – what sort of difference?

And how will you know if you've succeeded?

If you want time-freedom and flexibility, what does this mean? Does it mean you want to work 60 hour weeks, but get to choose when you work these 60 hours?

Or does it mean you work the same hours you work today, doing just the things you love doing, when you want, so you have more flexibility with your family?

There is no need to be too "goody goody". Write down the *real reasons* you want something.

** Do this now **

Take a break for a few minutes, then come back and read the next instruction.

Don't worry about getting it perfect, yet. The process of writing will start to clarify a lot of things in your mind, and you can tidy it up later. Just write it down.

******* Stop reading and write down your intention and objective now ******

What did you discover when you wrote down your objective and your intention?

Do you feel clearer about what you are doing and why? There is a saying "if you don't know where you are going, any road will get you there".

Now that you know clearly where you are going and why, you have a map and a compass. This will prove invaluable, because you are about to go into territory that is unchartered and unfamiliar to you.

It is remarkable how few people do this. And here is the secret of why it's so important...

The Secret of intentions: Not all intentions are equal

In other words, some intentions will be weak motivators that crumble like chalk when the going gets tough, whereas others will be titanium-strong.

For example, at one point in my business I had the intention "to get a significant pay rise from my board."

It was a strange process. I was on the board myself, and had appointed each and every board member. And I'd paid myself well below market-rates so the company needed less investment.

But one year later, my circumstances had changed: I had a father who was dying of cancer.

He needed monthly fees paid equivalent to more than my whole monthly salary to keep him in dignified care, and bring him to my home-country so the family could be together.

I had a very clear intention of doubling my pay within 2 weeks, so I could support my father through his illness, and bring the family together.

I achieved this, because **the intention was so strong**.

Compare the difference

Had the intention been

- *"To get a pay rise to buy a car that I will look high-status in,"* or
- *"To make sure I can afford my mortgage payments, because it's getting tight"*

then the result may not have been the same.

Think about the motivators. In the case of my dad, the motivator for my intention was love. In the case of the car, the motivator for my intention would have been "ego". In the case of a mortgage-anxiety, the motivator for my intention would have been "fear."

Behind any intention is one of these three motivators.

I am about to reveal a secret about how motivation works, based on my investigation over a five-year period.

Using this secret, and finding a strong specific intention based on the highest motivator is the missing first step that most companies never do, and it is one of the major reasons that companies end up failing.

That's because when times get tough, companies with weak intentions do not have a strong enough motivator to pull them forwards more strongly than the headwinds of business push them backwards.

And here's how intentions rank in strength

1. Love
2. Fear
3. Ego

How to Turn a Weak Intention Into a Strong Intention

One of my clients had a business that was losing a lot of money when I started mentoring her. When I asked about her intention, it turned out she was trying to prove to her peers that she was "somebody". Because the intention was "ego," it was no wonder the business had been failing. The intention was too weak.

Had she needed the business to work so she could pay for a sick child and there had been no other options open to her, she would have found a way to make it work.

If you are thinking at this point "But I don't have a motivator as strong as a sick child" then it's time to ask yourself a very powerful question:

''What strong motivators could I have, based on what is most important to me in this world?''

When I asked myself this question before I wrote this book, this is the answer that came back:

1. *To help as many startups as possible become financially successful, by doing what they love, with people they love, in places they love.*
2. *To help startups avoid the easy-to-avoid pitfalls so they get to experience freedom as soon as possible.*

3. *To set aside a percentage of profits from the book to fund a school that educates children in holistic learning so they are honored for their own uniqueness, and innate entrepreneurial spirit.*

My three intentions are "love".

I love helping entrepreneurs to win. I know that the tools in this book are invaluable and have already helped many people, and I want as many people to benefit as possible so others don't have to ride over the same pot-holes I did.

"You haven't got time to learn from your mistakes, so learn from the mistakes of others."
-- Winston Churchill

My other intention is about helping children and improving education. These are two of the most important things in my life.

The thought that this book can serve both intentions together makes me feel overwhelmed with gratitude whenever I think about it.

That keeps me writing things that will help you, and stops me writing things that are not relevant to you.

My focus in writing this book is the question "what would I have loved to have read when I was doing this?"

So you have probably already worked out the second part of this exercise: if your intention was not really strong – strengthen it right now. Write down what your stronger intention could be: the one that is motivated by love.

Starting a business can feel like climbing a mountain.

Strengthening your intention is like trading in your old weak mountain-gear for the very latest, strongest, most resilient hi-tech clothing available.

By itself, good mountain-clothing won't get you to the top of the mountain.

But with the right preparation and conditioning, it will significantly increase your chances of getting there and back, in good time, and in good shape.

It simply does not make sense to miss out this step.

2. Team: How to build a dream one

Now that you have your intention clear – you are ready to start building a team.

There is a saying:

"No one is perfect, but a team can be."

There are two things to consider when building a team – will they be corner-stone equity holders/founders, or employees/option-holders?

If they are going to be founders/corner-stone equity holders, you need to consider two additional things:

1. What are their *values*?
2. What are their *skills*?

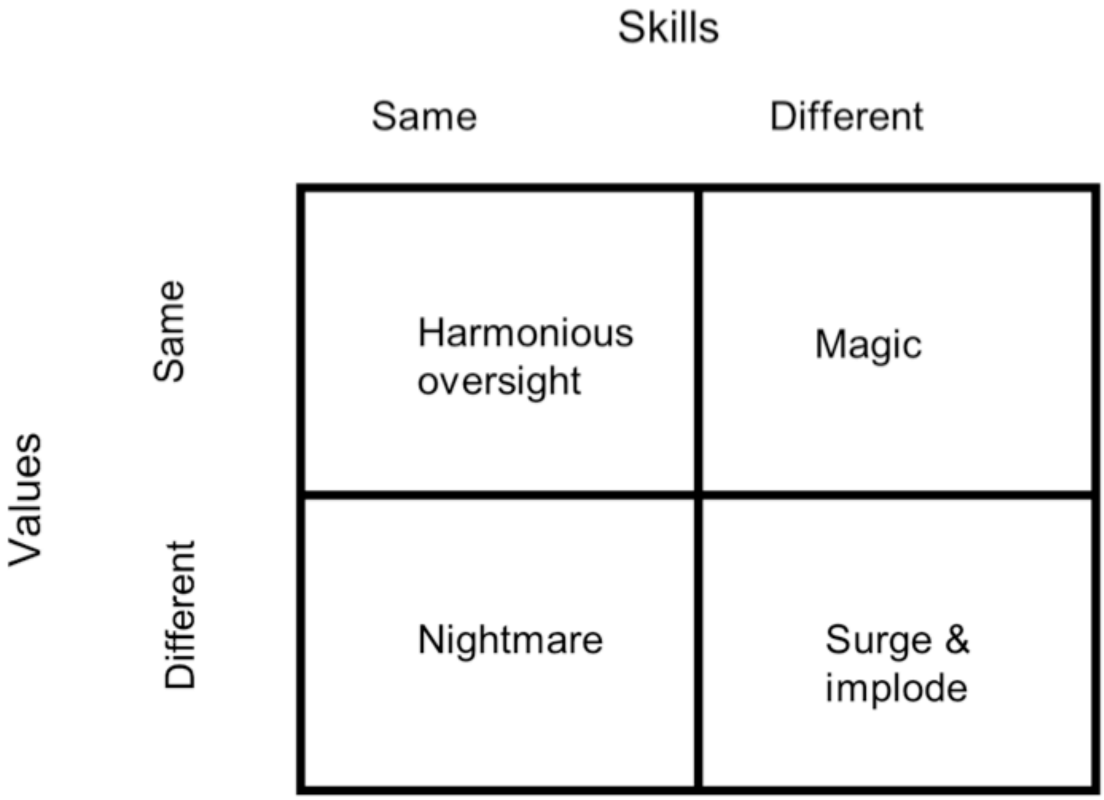
Think about it this way: you are going to see your co-founder more than you will see your husband/wife.

Yet most people in business marry the first potential co-founder who looks vaguely promising.

This is like having a date, then deciding to get married.

It might work – but isn't it worth doing a bit of due-diligence on each other to see whether you are setting yourself up for a business-relationship of bliss or misery?

So here is the recipe for the magic co-founding partnership.



Most people make one of these two team selection mistakes

1. Harmonious Oversight: Many people select people to work with who are very much like them: they have the same values, *and* the same skills

   For example:

   They are both highly technically proficient, they both value technology and science – but neither of them has experience in running a business.

   They value the creation of *beautiful products* above all else, and *dislike sales and marketing*.

   This company will nose-dive unless the founders put aside their sales-prejudice and bring in expertise in sales and marketing.

   I have seen one company go nowhere for 4 years, then finally go through a painful process of introducing a new board with marketing and sales intelligence.

It was a slow and arduous process that could have been avoided by putting the right people on the ship from day one.

2. Surge and implode: Other people recognize they need someone with complementary skills, and so they find them. However they get someone who has completely different values to them.

For example:

A marketing and business-minded founder who loves enterprise forms a 50/50 equity arrangement with a technical genius that loves creating *beautiful products*.

In this scenario (I speak from having seen this happen) the company will initially make fast traction due to the complementary skill-sets of the two founders.

But then things will get ugly

– normally after *12 months*.

At this time, the business is needing to expand fast.

That means business decisions need to be made fast.

That means less time for analysis and more need for intuition.

It also means compromises need to be made to the *beautiful product* that the technical genius had in mind.

- The more analytical founders start to get more anxious as analysis goes down and intuition goes up
- Fear kicks in
- The founders find themselves in constant battles that cannot be resolved because they have fundamentally different values:
    - one values **expansion and enterprise**.
    - the other values the **chance to create beauty at their own pace**.

Sometimes you get a technical genius like Bill Gates or Steve Jobs or the Google Founders who also have incredible business acumen.

But these are not the norm.

If the technical genius is *you*, reflect honestly on whether *you* have what it takes to be an entrepreneur.

Next Steps in Building Your Team

Once you have your founders on board, and you are ready to recruit "staff" (I prefer the term "team members"), you will need a good system to make sure you get a good fit for the role. There are people who make it their profession to help you get this right.

What is the most explosive communication mistake when building a team?

The answer is not what you think.

The answer is "assumption".

That's it.

Assumption means something that you think is true, that you haven't checked out with someone.

If you have ever worked in customer services, then you know how deadly assumptions are: they result in customer dissatisfaction, expensive rework, lost money and lost time.

The same is true when you are founding a company.

Most people choose their team like amateur customer-services workers: they never treat their team with the same diligence they would a customer.

They never stop to check what their team requires, what their goals are, and what their motivations are.

The easiest way to uncover explosive assumptions before they explode is to have an “aligning chat”.

An aligning chat is a friendly chat where you share what’s important to you and align your vision with each other to something you and your co-founder(s) can both work on.

Without this step, your business could become like a chariot pulled by two horses who are heading in directions which are different only by 0.5 degrees.

To start with, the subtle difference doesn’t matter – but the further you go, the more a 0.5 degree difference starts to really hurt, until your chariot cannot move anymore, and your energy is wasted on internal battles.

How to have an ‘‘aligning chat’’ to uncover explosive-assumptions

Sit down with another person from your team, making it a friendly and informal environment, not a management-style meeting you remember from your bad-old corporate days.

Key points:

- tell them you want to know what they want out of the business, so there is a better chance of them getting it (financial, personal growth, opportunities to take on new things)
- ask what they want to put into it (time, energy, money)
- agree some basic standards of communications that apply to each other as well as customers (eg: not expressing contentious views over an email, no personal abuse, stating what you observe, taking responsibility not blaming others)

- agree how you are going to make decisions and handle disagreements
- agree on a “tie-breaker”. A tie-breaker is a person who both founders are comfortable with who agrees to step in and make a casting vote if the co-founders cannot agree. The simplest way to do this is to give them some nominal equity.

  For example: rather than a 50/50 split – which I have seen kill a company, create a 49.95%, 49.95%, 0.1% split. 0.1% is a reasonable equity-reward for a function that you do not expect to use, but would have a vital function if used.

Both of you will come away from the conversation feeling closer to the other person, and with a lot of hidden mines (assumptions) unearthed before they explode.

What is the most important skill in leading a team?

Here’s a clue:

When you were a kid and someone asked you “if you could have 3 wishes, what would they be?” were you the smart-alec that said “I wish I could have unlimited wishes”?

So imagine I ask you “what is the one skill you want in business?” what would you say? That’s right – the skill to be able to generate any other skill you need.

And what is that business skill called?

Delegation.

That’s right: delegation is the most important *business* skill (not *leadership* skill – that is something different that will be revealed to you a little later in this book).

Delegation is the only business skill that can give you access to the full gamut of other business skills you need to run a company.

The same cannot be said of inspiration, leadership, courage, business acumen. All of these things help, but no they are not the master-key to unlock the door to any other business skill.

Now obviously, delegation requires two things

1. your ability to assign a task to the right person at the right time

2. you setting things up so the other person will do that task

At this point, you may be thinking “that’s great in theory – but it’s not economically viable for me to delegate”. To which I’d say that it is never “economically viable” to do anything that propels you forward in business, but winning entrepreneurs find a way to do it anyway.

So here are some practical suggestions about how you can make it economically viable to delegate:

1. **Give options or shares** (read “How to Get Top Players Now if you have no Money at all” in Chapter 3: Structure for details.)

2. **Honestly explain the situation** to the person you want that you don’t have the money sitting in your back pocket to pay them today, but you want them anyway and how could it be possible?

   I had exactly this chat on three occasions – and on only one occasion did this result in us not doing business with our prospective new team member.

   On one occasion, we gave a nominal up-front payment, but explained the bigger opportunity and brainstormed ways we could afford their services full time in the near future. That person today is GM of the company.

   On another occasion, we gave 100% options and no money at all. Today that person is much richer than if they had taken the money.

3. **Inspire them with the vision** of where you are going, so they are more likely to do whatever it takes to join your company anyway and help you earn the money you need to pay them.

The best way to achieve #2 does require a certain unique leadership skill, which you will learn about a little later in this book.

Have you noticed that of any business leader you can imagine, none of them have anything in common whatsoever apart from their ability to delegate successfully?

Some are rebellious mavericks (Richard Branson), some are conservative and methodical (Warren Buffet). Some are innovators (Steve Jobs). Others are expert mimickers (Bill Gates). Some rule through fear, others rule through love. Some are technical experts, others are marketing experts. But they all have one thing in common. They all know how to delegate.

Average leaders fail because they think they are great. Great leaders succeed because they recognize where they are average. Great leaders see the gaping holes in their greatness and delegate around these gaps.

"The 5-Step Formula for Doing What You Love in Business" in the Mindset section below shows you how to delegate around holes in your skillset.

If you want to cultivate one skill and one skill only, the master-wish that makes all other wishes redundant, then become an expert delegator.

Next steps:

If you are no good at delegating, the only way to shift this is through practice. And the practice starts now: in the next week, practice delegating three things that you would otherwise do yourself (even if you are delegating housework to your kids!)

When you delegate, practice selling the value of the activity to the person you are delegating too.

Desperation & Relief: Beware of ''Cardboard Boxes''

I have seen people do very strange things in business through the emotions of desperation and relief. For example:

- Give half their company to people they shouldn't be giving more than 5% to.

- Bringing people on board who don't have the necessary skills or are not even emotionally stable, and end up needing to be managed like children.

- Bringing people on board who are not fun to work with. This is probably the biggest mistake of all three.

These compromises are made because a founder has been doing something "all by themselves" for so long that they are relieved someone else can share the burden.

It's as if they have been carrying rocks for so long that when a carrying box is offered – they take it

… without noticing what the box is made of.

They empty their rocks into what turns out to be a cardboard box with a smile and everything is going well until …

the cardboard box is asked to take on some weight.

And *then* the founder realizes they have been very foolish. They end up carrying the rocks and the cardboard-box as well.

The single best way to avoid cardboard-boxes is to never get yourself into a position of desperation in the first place.

Plan your business from the outset.

Get an experienced business mentor who can guide you past the mechanical pitfalls and mindset pot-holes of business, go in with your eyes open, build in some contingency.

Follow the steps recommended in this book and you will avoid being desperate in the first place.

If you are already in a position of desperation however, you will need to get a trusted advisor to help you identify whether the person you are about to bring into the business is a “cardboard box”.

They will also let you know whether you are giving away too much to get them there. Again – an experienced business mentor is what will help you here to avoid a costly error. How to choose a business mentor is covered in *Chapter 6 Advisors*

3. Structure – How to put in place the foundations for future success

3a. How to divide equity among founders in a startup company

Getting this right is getting the genetic information for the company right. It's like deciding how much DNA will come from each one of the parents. It creates undercurrents forevermore when it is done wrong, and a solid base when got right.

Incubators help to keep a living animal or human alive when it is most fragile. Similarly, there are institutions called *business incubators* that help to keep startup companies alive until they can walk on their own feet.

However, by the time startups are picked up by business incubators, it's too late – they have already been created with either strong or weak DNA. This is as important as the parentage of a child.

Here are some examples of it going wrong: These are real-life case studies I've encountered as an entrepreneur, or in my work as a business mentor. Names are changed to preserve privacy.

1. Two founders, Jane and Ellen, divide their company 50/50. The founders then reach an impasse they cannot resolve. There is no "tie-breaker" and the company dies a slow and painful death.

2. Four founders, Dave, John, Harriet and Mary get excited about a new idea and split a company 25/25/25/25.

   - Dave goes on to do something unrelated to the company.
   - John contributes full time for a year
   - Harriet contributes full time for four years
   - Mary contributes 1/2-1 day a week for five years

   Harriet eventually could no longer justify the perceived-inequity and she went on to pursue other projects.

There are many, many other cases I see every day.

I recently stopped one founder who had built up IP over eight years and invested six-figures personally from gifting half the company to two people who had neither that founder's indispensability, nor time/financial history with the company.

So how do you split up a company fairly? There are some subtleties, so if you are serious about building a company that will stand the test of time, you must seek outside neutral advice (from another entrepreneur who has been in that situation and therefore has street-smarts). But here are the basics to get you started.

There are three main variables to consider when splitting a company.

Over time, I've developed a metric that takes into consideration these three things, which I've used several times in mediating founder negotiations.

This metric came out of me getting it drastically wrong – and almost killing my first major company as a result.

1. **Time:**

    Who has spent time on the company? Who will spend time on the company?

    If it is not the same – then the valuation should not be the same. Too many times, people get their egos in the way and think that uneven-equity means "I am not valued equally as a person".

    My suggestion is that if a person has this sort of ego, and cannot objectively see that equity is a reflection of a combination of value and contribution, not just value, then you should consider seriously whether they are the right person to do business with.

    What you want to do is to build in the possibility that people may not contribute equally in the future.

    For example:

    I advise companies to withhold equity, and apportion it over a three-year period.

    Over those three years, each founder works an agreed number of hours. If they leave or "get busy" before the three years are up – then their equity is pro-rated to the time they've put in.

    This safeguards against the all-too-common theme of founders walking without having earned their piece of the pie.

    By the way, by time I mean "unpaid hours". If you were paid for them, then that's an employee relationship which doesn't count for equity – unless it was significantly below a market rate you could demonstrably have otherwise commanded, in which case count the difference between your market rate and what you got.

2. Indispensability:

Is there someone in the business that the business cannot do without? If so, then their input is more vital to the business.

For example:

In one company – there was one savvy business person with years of experience in the field, and a person 20 years more junior with a couple of years experience and little/no business acumen.

Again, that founder was just about to gift too much equity, simply because of "relief to have the helping hand". We sorted out a fair arrangement, substantially weighted to the senior founder, that suited both people, and the company is strongly structured as a result.

3. Money:

Has anyone put in money? If so, this counts! If it is under $10,000 it doesn't count much, but thereafter it becomes quite significant – particularly if one person has contributed and the other(s) has not. This is because it represents real risk-taking and sacrifice of other opportunities that needs to be recognized.

Let me give some more real-life examples.

1. Agile Company Inc: Two Founders – Adrian and Joseph

- Adrian: indispensible. Contributed 6,000 unpaid hours. Contributed $50,000 cash.

- Joseph: not indispensible. Contributed 2,000 unpaid hours. Contributed $0 cash.

End result: 80/20 split in favor of Adrian. Both Adrian and Joseph were happy (my recommendation was 87.5/12.5 in favor of Adrian but they mutually agreed on the 80/20 – which worked too).

2. Bravo Company Inc: Two Founders – Tina and Kate

- Tina: 4,000 unpaid hours. $40,000 cash input. Indispensable (creator of the Intellectual Property).

- Kate: skilled software developer. 100 hours. No cash input. But likely to contribute for the next three years onwards.

End result: 95/5% split at day one in favor of Tina, with opportunity for Kate to increase this to 15% based on 3 years full-time work for the company at significantly below market rate.

In reality, even allocating 5% at day one for so little input is too generous, but it shows good faith, without being stupidly cavalier with equity that can no more be re-configured than the DNA of a child after it is born.

3. Caring Company Inc: Two Founders – Robert and Andrea

- Robert: Product expert with unique combination of field-expertise and business skills. 1,000 unpaid hours, plus creator of the vision.

- Andrea: Brought in after 6 months as CEO. Very experienced, with strong commercial track record. 200 unpaid hours.

Both Robert and Andrea were crucial to business success.

In this case I recommended a 60/40 split, or 49.5/49.5 split if Founder 2 evened up hours/money imbalance with one-time cash investment.

The remaining tie-breaking percentage to be allocated to a neutral external director (tie-breaker). Both parties to "earn equity" over a 3-year period to safeguard against under/over-contribution.

So there you have it: "How to avoid heartache" in three easy steps. The hard bit of course is keeping the emotion off the table and acting like grown-ups during negotiations.

For this reason – unless it's obvious and both parties are equitable in all three areas, get a neutral facilitator to help you negotiate the agreement. Honestly, you will save guilt on the part of the over-equitized and resentment on the part of the under-equitized by doing this right first time.

Speak your mind, speak it well, and then get on with growing the business.

3b. Getting the best team when you have no money: how to use share options

Share option schemes are real easy to create. They should cost no more than two thousand dollars to set up. If you are paying more than that, have a discussion with your lawyer about "seeing the bigger picture."

By this I mean talk to them about how far you are going in the future, the ongoing relationship you will build with them and the reality of where you are today cash-wise.

Or find another lawyer who "gets it".

We had this sort of discussion with our lawyer when they proposed charging us $6100 – and they then responded with a proposal that cost us $2300 for exactly the same service. We used this approach to achieve savings with other suppliers that were consistently between 30-60%.

That's right: we ended up paying slightly under half of the original proposal with no loss of service.

And it was the right decision for them too: today they still have the business with that "not-so-startup" company and have earned well from it.

I'm guessing it would be useful to know the exact language that we used to consistently achieve a saving of 30-60%?

The magic 123-words sequence is below:

> *"As you will see from our website, and as you would see if you read our business plan: we are expanding aggressively."*
>
> *"That is why we attracted significant investment*"*
>
> ** (or some other achievement)*
>
> *"Together with our board, we are currently selecting the set of strategic partners we wish to develop long-term relationships with that will be lucrative to both parties."*
>
> *"We would like you to be one of them."*
>
> *"As our chosen strategic partner, it is vital to us that we have rates for services that are matched to our stage of growth."*
>
> *"We would love it if you too would hold this big picture in mind when we request that you review your rates for today to something you see*

> *befitting us as an early-stage startup."*

How to get top players now if you have no money at all

If you need top team-members now, and can't afford to set up the plan until you have either the cashflow or investment dollars then here is what you do:

1. Promise them options. Agree how many and for what.

2. Document the understanding on paper. Sign it. Get it witnessed. This is then a binding agreement.

3. Say "We will formalize this once we get the formal share option plan in place, but in the meantime this gives you our contractual guarantee of options."

If you are thinking "Back up – I don't even know what options are" then here's the deal. Say you have a pie worth $100 (your company) and you divide it into 100 pieces.

Each piece is worth $1.

You give the founders 85 pieces, then save 15 pieces for later.

You aren't sure who you want to give those pieces to just yet, and you want people to earn them.

So rather than give them as "shares" you keep all 15 pieces as a "Share option plan."

Then a couple of weeks later you meet someone "pie-worthy" called Sarah.

You agree that after Sarah does some work, she will get the right to buy two pieces of pie **at any time** for $1 each. This $1 cost of each piece (option) is called the ***strike price.***

Now say in five years, the pie (your company) is worth 100 times as much.

At this point, Sarah decides to do what's called ***exercise her options.*** That means she puts $2 on the table and says "I want my 2 pieces of pie, here is the $2 that I am entitled to buy them for". At this point, Sarah becomes a shareholder. She now has two shares worth $100 each.

In other words, she now has $200 of shares for which she's paid $2. This is a $198 net gain! Not bad going for her. And the company is happy too, because they are worth more. In short: everyone has won.

This is the way that Eric Schmidt, CEO of Google, became a billionaire by the way. So options can be extremely lucrative – provided the company goes up in value. If it goes sideways, or goes under – then the options are worthless.

How to Use Options Optimally

My strong recommendations with options:

1. Don't limit them to employees, use them to remunerate directors and advisors too. That means you call it a "share option pool" not an "employee share option pool"

2. Be generous: carve off 20% of your company for options. If you don't use them, then ownership of the unallocated options pro-ratas back to the owner(s) anyway.

3. Be time-generous. Allow the people getting options to exercise them any time in a seven-year period.

4. The strike price should be the current agreed company valuation.

5. Offer them up-front to people you simply must have on your team. Offer them instead of, or partially instead of, cash. For example, if the person's market rate is $100,000 but you can only afford $65,000 – make up the other $35,000 in options.

6. Don't get fancy trying to value options. Simply treat them "as if" they are shares for the purpose of valuing them (because your company will either be worth many times what it is today, or it will be worth nothing. As you saw in the example above – Sarah got two options, which gave her $198 profit. If they had been straight shares, she would have got $200 profit. Not much difference really – so don't split hairs over it).

You can get a free option plan agreement online from here.

http://bit.ly/b2INfR

But get a lawyer experienced in option plans to do this for you. Ask if they have experience. If they are not experienced in option plans, don't pay (in money and mistakes) for them to learn on you.

3c. *The power of simplicity – Company structure & your board*

I cannot believe how many startups either have no board, or go for huge boards. You plus 2-4 other people is about right, for a total of 3-5 on the board.

I have seen lawyers recommend 6-8 people for a fledgling company board. Adding board members to a board is like adding passengers to a *Suzuki Swift* going up a hill. The first 2-4 will improve the quality of the ride and help direct you to the right location. After that, they will weigh you down and it will be a slow and uncomfortable journey for all.

As for structures, sometimes lawyers recommend separate holding companies for IP, assets and revenues or Loss Attributing Qualifying companies that get converted into limited liability companies along the way, with a trust owning each entity. This is almost always well-intentioned madness.

Why? Because chances are that unless you are an accountant, you didn't understand all those terms above. A lot of investors won't either. So you've just made your company much harder to invest in, because people don't invest in things that it is too hard to understand.

Remember that your lawyer is not an entrepreneur.

Average lawyers recommend this because they are failing to look at the bigger picture. They fail to understand that in the process of eliminating risk, they have also eliminated your chances of getting investment.

If you complex-up your company structure, you will waste your time explaining to potential option-holders and prospective investors how your company is structured, rather than spending that time exciting them with the opportunity.

Eliminate all unnecessary complexity; because complexity creates uncertainty.

And complexity kills deals.

Put Simple board structures and remuneration schemes in place

Your board should have 3-5 people – *one* or two founders on the board and make the rest of the board high caliber external people (not your team-members who know less about company governance than you do).

Get top industry advisors for an advisory board (See Chapter 6 Advisors for details)

Have monthly board meetings and bi-annual advisory meetings.

- Give each director around 0.5% of the company in options/year

- Give each advisor 0.06% of the company in options/year.

Remunerate everyone on your board and advisory board in options, and choose them based on whether they

- Can help you get sales in your industry;

- Can help you get more investment;

- Are recognized experts within your industry;

  Have a track-record of growing companies, and a track-record of being easy-to-work-with.

Yes, that *does* mean you shouldn't gift executives in your company board-positions if they don't have the experience.

Your board needs to be you + rockstars. Or if there is more than one founder, both with equal ability and willingness to contribute at a governance level, then consider two founders + rockstars.

That's it. Implement this swiftly, then get moving on growing your business.

4. Pictures: The big one, and the current-one:

How to focus on both without going cross-eyed

This section covers

- What you do, and when
- How to validate your market
- How to develop vision and strategy

4a. "What you Do; What you don't do"

Website upgrades, new offices, a flash logo, new branding and design, competitor analysis and a bargain on office premises and furniture, a person who agrees to do some free work on your website. These are all nice things which matter very little in your startup business.

... Unless of course you are a graphics company, do interior design, or rely on an e-commerce business-model.

Are you growing your team, product and sales pipeline?

This is where your focus should be.

That's it.

OK, back up and read the last sentence again. Maybe you were distracted when you read it, or read it without reflecting on it.

Or maybe you read it, and thought it was overstating things. So I want to convince you it's no overstatement, so you don't waste time doing the wrong things.

Here's what most people do: they act out of their comfort zones, because generating sales and growing a pipeline involves "putting yourself out there" and risking rejection.

Here's an article on my blog about the three different ways people choose to get "busy" and why nine hours spent in the *courage-zone* is as effective as 27 hours in the *comfort zone*.

http://bit.ly/979dbJ

There is so much you seemingly need to do when starting a business. Most people exhaust themselves by getting busy doing things that really don't matter. So here is an overview of what to do imperfectly, expertly, or barely at all, so you enjoy the ride and avoid death-by-perfectionism.

As an aside, if you suffer from perfectionism: you will want to check out this article right away

"Why Winners Fail More Often" (http://bit.ly/9Y53O5)

Even if you follow nothing else in this book, the table you are about to see, by itself, will save you from wasting months of time you can never reclaim.

Depending on your business, there will be variations. But for most industries, I've found this to be an excellent general guide.

The "Good, Great, Best, Placeholder" Table

Category	How good should it be prior to getting investment-ready
Website	Placeholder/ Good enough
Social media campaign, SEO	Placeholder, not important at startup phase unless you are doing e-commerce
Logo	Placeholder/ Good enough
Branding	Placeholder
Office	Placeholder: Garage or home or ultra-basic
Team	Great
Your own mindset	Great
Dropsheet (1 page summary of business case)	Great
Business case document	Good enough
Your verbal pitch	Great
Your own sales ability	The best available *invest in continuous improvement of this*
The product	Good enough
Uniqueness of product	Not essential
The idea	Good enough: Ideas are commodities
Elegant execution of the idea	Great

Market validation	Great
Validity of business model, and realistic revenue analysis	Great
Marketing plan	Good enough (it will change anyway)
Your advisors/ board/ mastermind group	Great
Your business mentor	The best available
Press releases	Not yet
Competitor analysis	Placeholder – (a two hour web-search)
Market-size calculation	Placeholder – (one hour, back-of-envelope guesstimate/calculation)
Patents	Not now – unless you are a biotech company

You may be thinking "Business case good enough – surely it needs to be the best possible?" I agree that this is different to what business-school will tell you.

But remember that in 99% of cases, the people running business schools are not entrepreneurs and have never started and run a high-valuation or high-profit company.

The choice is yours, if you want to be a teacher of business skills programs in a university – model MBA teachers; if you want to be an entrepreneur - model entrepreneurs.

Let me give you an example:

I recently asked one highly successful entrepreneur whether he ever wrote a business case. His email reply was

"No biz plan, except the back of a sheet of paper to figure out how many copies we had to sell so I knew it was viable"

Most companies forget this simple truth:

(Number of units sold) x (margin per unit)= the difference between a business and a headache.

Never get too far away from this formula. However passionate you are about your business, this passionless formula will dictate whether your passion will work as a business or not. Ignore it at your peril.

Remember too that as an entrepreneur it is your job to continuously avoid activities that waste the one resource you don't have infinite quantities of: time. So don't spend too much time on your business plan.

When I talk to investors, I explain that I put time into growing sales, not business documents. I explain that the plan is good enough where it counts, and they may want details on certain other key items, which I will rapidly supply.

That shows you are a pragmatist who understands that business involves taking the shortest path to results; not a perfectionist who wastes everyone's time and money creating ideal products and ideal documents for an ideal world that doesn't exist.

4b. Validate your Market

What is the number one thing that companies do at the wrong time, that ends up costing them money, equity, time, and most importantly energy? You have probably guessed it from the title already: validating the market at the wrong time.

Most companies validate their market like this

1. Have an idea ->

2. Create a product ->

3. Release the product ->

4. Get feedback from the market (market validation about what's important) ->

5. Create second version of the product.

In other words, they go "ready (idea) -> fire (release product) -> aim (work out where the product should be heading).

There is a very simple solution for this: it's called

ready -> aim ->fire

In other words: have your idea, test your idea (market validation), *then* build your product based on the feedback the market gives you.

This will save you more time than you can believe. Entrepreneurs of course are impulsive and impatient by nature, so you won't want to do this. I didn't want to do it, but I forced myself to.

You may also kid yourself by saying "I have been in my market 10 years, I already know them". To which I say "that's your ego talking", and ego kills business faster than any other attribute I've seen.

Winners ask … also-rans assume.

Do not assume you know your market well enough to build a product until you have asked them a specific set of questions about what they want from you today.

I did the same thing before I wrote this book, and even though I've worked in this sector and thought I knew it intimately, some of the answers really surprised me.

The answers I got fundamentally changed what I wrote, how I wrote, and what special reports I bundled with the book.

I learned that one of the major concerns people had was "How do I transition out of my nine-to-five job?"

That never occurred to me, because I started a company after being made redundant – so I had the choice taken away.

But … I would never have found this out if I hadn't asked.

I found out that people wanted to have tools to work out how good their idea was, and how to make sure they didn't treat their idea as a pet project, but really gave it the attention it deserved.

Again – these were not things I would have dreamed to include in this book, because they weren't concerns to me personally, and most of my clients had already gone through this choice by the time I saw them. But the audience for this book was wider, so the question was critical to answer.

If I had done a traditional ready->fire->aim approach, this book would still be in the rewrite phase and you wouldn't be benefiting from it today.

How to do market validation

1. Remember that Market validation is validating not only your product-idea, it is validating the sales-messaging you think you will use to sell it. When done well it also gets you pre-orders for your product.

2. Develop a very good, concise description of your product in jargon-free plain English, then include a metaphor.

For example, when I am talking to people about the critical importance about a mentor, I could waste my time trying to "reason" with them. Or I could simply make a strong claim, which I believe 100%, and substantiate it with a metaphor.

Getting business mentoring from an experienced entrepreneur is the fastest and most effective business investment you can make. Growing a business for the first time without a mentor is like climbing the Himalayas for the first time without a mountain-guide. You may get to the top, but the level of risk involved and amount of time it takes and stress it causes go up astronomically.

4c: How to develop vision and strategy

"Without vision, the people perish"

-- Proverbs 29:18

Let's break it down a bit, because there is a lot of vested interest in making "strategy" and "vision" sound difficult when it's not.

Vision means *what* you are going to do.

- It typically comes out of one mind.

Strategy means *how* you are going to do it.

- It typically comes out of many minds working together.

That's about it.

Let's deal with vision first, from the mouth of the expert ...

Vision

Marcus Buckingham is a member of the Secretary of State's Advisory Committee on Leadership and Management, and is recognized globally as the go-to guy on leadership. He spent 17 years researching the world's best leaders and managers for the Gallup Organization.

His work draws on Gallup's studies of 80,000 managers and three million employees.

His conclusion about the number one thing that great leaders do differently? (Note: this is a conclusion that came out of one of the most comprehensive studies ever done into leadership):

Top leaders rally people towards a better future.

"There's something unique and different that makes a leader, and it's not about creativity or courage or integrity. As important as they are, you can have those attributes and still fail to be a great leader. A leader's job is to rally people toward a better future."
-- Marcus Buckingham

That's the leadership skill you need in order to master the business skill of delegation.

Without this, you may have the will to delegate, but you will not get the result unless the people you delegate to can see the vision that their work will help achieve.

You can distill the essence of the book from this Fastcompany article.

(http://bit.ly/bKStz1 and reload it in your browser in case your browser doesn't realize it's a pdf document the first time.)

When you are focusing on the vision, don't worry about the how. That's not your business ... yet.

Your vision will come out of your passion, your intuition, and the unique thing you have seen that others haven't yet seen. Trust that if you have a vision, it's not a matter of "will this work?", it's a matter of "*how* will this work?" and "will I stand up and become the one to *make it work*?"

How To Develop Your Vision

1. To develop your vision, get in the habit of recording your thoughts. I'm not sure of the source, but Craig Valentine, World Champion of Public Speaking, says the main reason he can always come up with fresh visions for his talks is that he writes it down as soon as he has an idea. He says "a thought only lasts for 37 seconds".

   So don't rely on your memory. Write it down.

2. Get a sound recording device. Sometimes I'm in the car and I can't

write my idea down. Or the thoughts are coming so fast, I can't write fast enough. At these times, record your voice.

I use my iPhone. Before that I used an iPod with a Belkin microphone attachment. Before that I used an old-school digital mini-cassette player.

It doesn't matter what you use, just get in the habit of recording. I do this incessantly. It's how I've been able to capture ideas and take those ideas to the bank, before those thoughts get captured and executed by someone else.

3. It's no use doing the first two steps if that's all you do. Once a month, or on some sort of regular basis commit to compiling your thoughts and keeping what you love. What I do is pay someone $25/hour to transcribe. Then I edit it, use it or action it.

Strategy

Once you have your vision, do not try to work out the strategy by yourself. Talk it over, and bounce ideas off everyone in your extended team.

Use your advisors, mentor, board, family, friends.

Remember that you are not seeking input on *what* (vision) – only *how* (strategy)

Most people either ask nobody anything, or ask everyone everything.

The first method creates a sub-standard strategy. The second method creates "design by committee" (not to mention overwhelm).

The time-and-confusion-saving secret is to ask and listen to people, but also ...

only ask them questions that they are qualified to answer

If you ask anyone off the street what is wrong with the economy and how do we fix it, you will get advice... But it won't be qualified, implementable advice.

Ask the right questions of the right people, or you will get totally confused.

Ask your board

- What will get me to market fast, effectively and profitably?

Ask your mastermind group what you ask your board, plus

- Is this idea/product/approach I'm thinking of right?
- What am I not thinking of?

Ask your mentor all the questions you ask your mastermind group plus

- What actions do I now take?
- What things do I *not* do?
- How can I do these actions for virtually no money down?
- What sort of people do I need and when?
- What's the best way to validate my market?

Ask your friends and family

- "If I were to offer you .... (describe your product description written in compelling marketing language) would this be interesting to you?"

Write down the plan that emerges in your mind after listening with an open mind.

5. Practice: What do you practice, and how often?

Before a professional tennis player goes on the court, the tennis player will practice, daily.

Before stepping in front of the orchestra, the soloist will practice, daily.

Before stepping out on stage the actor will practice, daily.

Before stepping out into business, the entrepreneur will do anything but practice, daily.

Why?

I believe the reason is that entrepreneurs typically don't know what they should be practicing.

Remember, there are two areas to master in business: mechanics and mindset. Just like tennis, the mechanics of your tennis swing don't change fundamentally beyond a certain point.

What separates out the top seed and the also-ran is what happens inside the mind of each. This is universally recognized in peak-performance coaching around the world, and backed up by scientific evidence.

How to influence whether you step back or step forward

As an entrepreneur it is exactly the same. Every day you will step forward or step backwards according to whether you

- Sail through stress, or are overwhelmed by it
- Take a setback on the chin, or absorb the full body-blow
- Spot an opportunity to progress a relationship, or fail to see that opportunity
- Say exactly the words you need at the right time that result in a business deal happening, that otherwise would not have occurred
- Have a new idea, or let that idea bypass you
- Say some harsh words that damage your reputation, or pause and reflect first then take the appropriate action

In my first company, I had no training in business. The one thing that everyone remarked upon was that no matter how much pressure was on me, I seemed to have this “aura of unshakeable calm” that I could handle any situation. This mindset was not something I naturally had. It was something I attained using the tools in this chapter.

This mindset-advantage more than anything else was the reason that:

- investors had the confidence to invest in me even before our product was market-ready
- our board, advisors and team decided that our company would be fun, stable and inspiring to work within
- we kept sailing strongly when on no fewer than three occasions we ran out of cash completely
- I didn’t get phased or stressed through any of this

Daily Practice = Daily Magic

So how did I get this mindset advantage? The good news is that because this is something I learned, not something I naturally had, it is something you can easily have for yourself too...provided you have the will and an open mind.

Like many entrepreneurs, I was impulsive, passionate, and had a “shoot first, ask later” approach in much of my communication. But something I learnt changed this.

The difference was that I was doing something that other entrepreneurs were not doing. While there were many entrepreneurs that got “success” – a good deal fewer got this *success without stress*, and with their peace-of-mind intact.

What made the difference was that someone a couple of years back had cared about me enough to tell me I could benefit from spending some time each day in silence by myself - and I'd chosen to listen to them.

The difference was that I had started a daily practice.

But I'm not simply talking about "exercise" like running, or going to the gym. Daily physical exercise definitely helps you succeed in business-terms, but by itself, it is not as effective at helping you achieve success in

a state of relaxed calm as what I'm about to talk about.
I'm also not talking about positive affirmations, or even tools to "get yourself into state."

There is an additional magic that happens when you sit down with your eyes closed to be alone with your own thoughts. The mind stills, clarity comes, and you gain as if by magic the ability to say and do the right things in the right situations.

If it can work for someone who was as scattered in his thoughts as I was, as undisciplined and as untrained in business as me, it can work for anyone.

Now whether that reflection means meditation, breathing, prayer, tai chi or sitting down and feeling gratitude for what you have in your life - that's up to you. What's important is that it is:

- Time where you give priority to observing your own mind and its thoughts
- Time where your focus is on your "inner world of thoughts", not your "outer world of activity"

Whether you like the idea or not, try it anyway.

Otherwise you are basically cutting off a whole new possible experience that could help you more than anything else in business, because of a judgment made before you are in a position to judge.

The benefits of meditation have now been demonstrated in over 600 scientific studies. Why not make the next study "you"? If it doesn't work for you, throw it away. But try it first for 30 days.

30 is the magic number, because that's how long it takes to established new neural circuitry in our brains, so that the new habit becomes the default. Just like you would encourage your customers to if they can't immediately see the application of your product.

An Emerging Trend you can harness right now

As an entrepreneur it's my job to spot trends. And one trend I've recently spotted, which I'm sure you will start to also, is how many of the very top business people around the world are beginning to embrace meditation or other similar practices for moving them ahead in their business and personal lives.

Just like learning to drive a car, it takes a few hours to learn, and then you have the ability to do it for yourself with increasing assuredness until, just like a car, you will wonder how you ever did without it.

There are many courses available. I am a great believer in the power of online education, and an avid purchaser of e-books and audio products.

However, for meditation, like driving, my advice is

"You can't learn this properly online." Get a properly trained live instructor.

There are many options open to you. The three I have had consistently recommended by people who have achieve noteworthy accomplishments in business are

Transcendental Meditation (founded by the guy the Beatles hung out with):

- http://www.tm.org

Vipassana Meditation (Buddhist meditation technique):

- http://www.dhamma.org

Art of Living (six day course teaches breathing and meditation together) :

- http://www.artofliving.org

The one I did was the Art of Living course, which has worked like a charm not only in my business but in my personal life as well.

If you still need more evidence before you try something new – check out

http://bit.ly/9XpoMI

When you read it you'll see how meditation leads directly to tangible business results.

Before I had a daily practice, I got angry at the sort of incident that happened earlier in this book. Afterwards, I not only was able to remain calm and take the right action – but the right action helped me win a business opportunity.

Find what works for you, then commit that one month from now you will have chosen some sort of daily practice that is right for you, and that you will try it out consistently for 30 days before making a decision about its merits.

That way, not only will a new habit be established, but also you will be able to see clearly the before-and-after change. Ask others close to you to reflect back the changes they have observed in you. People often report they are amazed by how much change others have noticed.

6. Advisors: How To Get Great Advice So You Don't Reinvent Wheels

Wouldn't it be wonderful if this book were all you ever needed to succeed in business? It may be. But most people will find it difficult to apply everything they read in any book without a real-life guide.

That because we have spent 12 years in a schooling system that taught us to read things that didn't have an immediate application to our real lives.

This conditioned us to read things without looking to apply what we read.

We have been conditioned to read for *understanding* rather than read for *application*.

Ask yourself honestly whether up to this point you have been reading for understanding, or reading for application. Are you thinking "this is great" simply because something in this book makes sense to you, or are you withholding judgment and thinking "let's try that out, then I'll judge"?

The real value of this book is transferred not when you understand something, but when you choose to apply it.

A quality mentor or coach can help re-school you so that you *only* "read for application" from this point forward in your life.

Now wouldn't that be a useful skill to have!

The other great reason to get a business mentor is that there will be many specific situations that happen to you in business that I cannot predict. No author can. In these situations, you will want to have an expert on hand, who can guide you towards the right response: the response that wins you the deal, or saves your reputation.

There are three levels of advisors you are going to want to have in your company.

1. Board members

A board is there to make sure a company is run legally and responsibly. But in a start-up, your board will be more "hands on" – which is exactly what you want, once you've vetoed anyone who doesn't have your best interests at heart by running reference checks before you appoint them.

Appoint board members for a term of, say, three years. Tell them you are doing this so that you can continue to get new and fresh contribution. This also means that if a director isn't working out, then it is easy to exit the relationship.

Otherwise you may get stuck with people who are no longer moving as fast as your business is. If you want the freedom to reappoint a rockstar that everyone wants to retain then have a "special clause" that allows reappointment in the event of unanimous founder support or suchlike.

These people will give good advice on your business. They won't typically be your confidants that help you with mindset, or those operational issues that are bothering you day-to-day. Their focus is helping you with the big-picture and strategy.

OK – at this point, you may be wondering "How do I get these top caliber people?" The secret is … there is no mystical process, no magic network, no secret strategy – only one thing is required, which can be summed up in one word:

"Ask"

It really is that simple. Obviously you need to think about what you have to offer your prospective board members or advisors and implement the principles you will be learning in Chapter 7 Sales. But most important is to ask.

I knew no-one of significance in my industry when I started as CEO of Biomatters (my first company), yet within one month of looking we had secured

1. A former president of a major pharmaceutical company (for all Europe) for our board (Aki)

2. A global director of Life Sciences at a major global technology company for our advisory board (Howard)

We got the first rockstar (Aki) because I asked a friend called Jeff who he knew. Jeff said "talk to Kevin". Kevin said "Talk to Julian". Julian said "Talk to Aki" and Aki became our new board member.

We got Howard, because I'd met him once one year ago when he was a visiting VIP, and I asked him.

I also asked a lot of people who said "no" – but by asking enough people, we had a high caliber board and advisory board in next to no time. Be prepared to ask, and be prepared to hear "no" and keep asking. The mindset section will help you to ask and handle hearing "no" and not make it mean anything other than "time to ask someone else".

2. Advisory board

This is optional, but I like having these people because …

- It allows you to get top industry-advice in exchange for options.
- It allows you to get people who may not be available for your board (in the wrong country, or too busy) but who can still make a contribution to your company.

Your startup's board must be in the same country as you. Your advisory board need not be.

These people help you spot emerging industry trends and validate your thinking on critical issues. This advice can be pure gold.

3. Mentors

Of the three types of advisor, I rank mentorship as most important. I have found them to make a massive difference when I want to rapidly take my sales to the next level.

Your business will grow faster, if *you* are growing fast. A mastermind group or business mentor makes sure that you are growing as fast as your business does.

Now there are free mentoring services available. In some countries, government programs run them, and get people who have been successful in the past in business to give free assistance to businesses. It's a great intention – but the "free" bit is in my view misguided.

Get board members and advisors for options, get an office for free or next-to-free, get beat-up second-hand furniture, hire graphic design students to do your logo, and get the very best available personal one-on-one advisor and make sure you pay for it.

Here's why: I have had free and paid business coaching. I have been a mentor with a government program, and a mentor that people pay for. The moment I started paying for my business coaching/mentoring was the moment I started getting business results, because until then I was regarding it as "free advise I might try out" not "too expensive to ignore". Similarly, I noticed that the clients I had who received "free advise" didn't take it – whereas the ones who paid did.

In other words, it's not about the caliber of the mentor: it the fact that it is hard to value something you get for free. I believe it should hurt a little (financially) for you to get a mentor, because that way you make sure that you get a return off your investment.

Through my experience both of mentoring and having been mentored, this more than any other factor, can be the difference between business success and failure.

When I analyzed how I'd used my time and money at my first company, I realized I'd wasted both. I also realized that a competent mentor could have saved me going down the wrong path on several occasions.

As a result, when I started my next business, the first business decision I made was to invest in a business coach.

This action was responsible for getting me profitable within five months from complete scratch. This represented a Return on Investment of 367%.

It was the single best business decision I made. And that return is pretty standard stuff if you have the right coach/mentor. It is an utter false-economy to "save money" by not getting one. You will save and make many times more money and productive time by deciding to get one.

Some of the specific things I got out of my own coaching arrangement were:

- I took risks, contacted people and did a lot more sales activity than I would have, if left to my own devices. In other words, I was operating much more in my courage zone: the zone where sales take off at light-speed.

- I was rightly challenged about how I was describing the value of my services and products – resulting in more sales.

- I got more business through the coach's own networks and introductions.

- I was directed to exactly the right training courses I needed to plug an important gap in my skill set.

- I had someone who believed in me, which meant I was operating at a high level of confidence all the time – which caused me to improve my own sales.

- I was given new ideas on generating new business that I followed up on – resulting again in more business.
- I was given assistance in overcoming several of my weaknesses including organizational skills by being partnered up with people I didn't know existed who could help me.

Now bear in mind that I was already a successful entrepreneur when I took on my coach. The point being: never ever think, "I know it all". The point at which an entrepreneur thinks he knows it all is the point he starts losing money.

Where do you go for advice?

First let's look where you don't go.

Do not get advice from government agencies.

The reason is that these people are not entrepreneurs. While they may know the theories, they don't have the street-smarts you need to succeed.

A person's qualification to advise you would be:

a. They have done it before.
b. They are a good teacher
c. They have the desire to be the best teacher possible

I may be one day proven wrong, but I am yet to see an example where free mentoring has accelerated a company to the next level. I have both given and taken free mentoring.

In each case, it didn't work.

Even when the person giving it is an expert.

Why not?

When I look back at the companies I've mentored, the one that got the least traction was the one I mentored as a "gift".

Free advice generally doesn't work because:

1. There is no value-exchange. The moment you pay for something, you value it. The fact it has hurt a little bit to do it is critical. No pain – no gain. This shows commitment on your side. And you will be committed to applying what you hear, because you want to make it true that your decision to get a mentor was the right one.

2. If a mentor has paying clients, and non-paying clients – which one do you think she will go the extra mile for? Which ones are her priority? The non-paying ones will get whatever has been offered. But the ones there is a business relationship with are the ones that get the business result.

3. In a free engagement, there is no accountability. You get advice, but the mentor has no mandate to keep you accountable, and you have no incentive to keep yourself accountable.

Now does this contradict the point I make a little later about using free products such as Mailchimp for your email database?

Absolutely not. For starters, one is a product – the other is a service.

Also, you *will* eventually pay Mailchimp when you win, because it is a great email marketing product.

And Mailchimp will do very well also.

Mailchimp's business model is that a percentage of the millions of people who start using the free product will go on to have successful businesses with big databases which will eventually need Mailchimp's professional version.

Mailchimp are buying your loyalty.

And while you are using it and enjoying it you will naturally want to reciprocate and tell lots of people how great it is – just as I am here.

When you win, you will be only too happy to pay for what you once enjoyed for free.

What about franchised coaching outfits?

One of my peers says "avoid franchised coaching outfits".

I'm not so insistent on this.

It's true that many top business coaches, trainers or mentors use franchised firms as a training-ground, then leave to set up their own business.

But that means it's still possible you can find a great mentor in a franchised outfit.

And if the *system* they are using is also robust, then this might still be the right fit for you.

And just because someone is "out on their own" – doesn't make them good.

And the system they use might be broken.

So keep your options open. A great mentor can be found in the least likely of places.

How do you choose your mentor?

The best way to make a decision is to interview other clients of that mentor and ask what results that mentor helped that client achieve, then interview the mentor and ask what he has done himself.

Then ask what steps he's taken to get good at transferring what he's learned to someone else.

After all, a great player doesn't always make for a great teacher.

They don't have to have been the most successful player in the paddock, but they need to have played and won.

You are paying well, so you want results.

And remember, that getting a mentor is like a tennis player getting a private tennis coach.

The coach cannot make him win.

She can give incredible assistance. But she can't train for you, and she can't take the court for you.

So get great advice ...

...recognize the different types of advice you will need

... and keep reading e-books and paperbacks on business, particularly on sales.

Treat them like part of your coaching team. The more you already know and practice before you see your mentor, the more you can start the conversation with him/her at a higher, more profitable level.

7. Become extraordinary at sales

Business is driven by sales.

Sales are driven by people.

And everyone who ever meets a customer is in sales.

If you want to succeed in business, you must master sales. The good news is that anyone can learn to sell. You simply need to remember the following

1. There is no such thing as a natural salesperson

Gifted salespeople are like gifted musicians – they put in hours of practice. If you know nothing about sales, you will want to get yourself a copy of:

a. Metaphorically Selling, by Anne Miller

- http://amzn.to/cbSZJA

b. The Challenger Sale by Matthew Dixon and Brett Adamson

- http://amzn.to/1I2Wa6H

If you buy no other book as a result of reading this, get Metaphorically Selling. It shows you why most people never sell anything at the speed they want, and how to instantly overcome this.

Let me give you an example. If I wanted to quickly describe one of the points of difference of this book, I could create a "compelling case" for why it was critical to talk about both the mindset and the mechanics of business.

Or, I could say this:

"To succeed in business it is essential to have two things. First you need the right set of mechanical steps to follow. Second, you absolutely must have the right business mindset.

Knowing all the right steps to follow without knowing the mindset skills is like owning a chassis of a car that has no engine. It might look good on the outside, but it will never leave your garage. If you want your business to move *well beyond the garage, then grab this book and learn how."*

Do you see how much more powerful that metaphor is than hundreds of words arguing a point?

Make metaphor an essential part of your business toolkit, and you will notice your sales accelerate smoothly and powerfully like a high performance sports car.

The third book is more about marketing than sales.

For me, the two are inseparable. Marketing is about making sales happen easily, by getting your content, marketing and messaging to be magnetic.

I

And remember

* a "good salesperson" who is not actively selling, or putting themselves in situations where they can sell is not a good salesperson.

* as Ziglar would say, a person who says "I am great at all aspects of sales apart from the close" is not a good salesperson.

2. Ingrain into your head the 3 sales equations

good product + great selling = great business, but

great product + good selling = good business".

And finally,

Great product + bad selling = bad business.

Am I saying the product doesn't matter? Absolutely not, your product must at least be good. And if it's great, then when coupled with great selling, your business can be phenomenal. But selling matters more.

3. Remember this secret ...

The key to selling is ***authentic connection***.

Authentic connection matters even more than selling technique. Authentic connection is such a great way for someone who doesn't see themselves as a sales person to feel comfortable selling, that I've given it its own section below.

What is the fastest way to go faster in business?

If you know nothing at all about sales, then here is some good news: becoming great at sales is not about learning a whole bunch of tricks, it's about being yourself

... and then extending into your *courage zone* to become even more of yourself.

Think of people you feel most connected to.

Have they shown you a bit of vulnerability?

Did they reveal their authentic selves? Most people forget that connection can only occur when there is some level of vulnerability.

Vulnerability ----→ Speeds up Connection ----→ Speeds up the sale

Now, in a sale, whom do you buy from? Someone you feel connected to or someone where there is no connection? You buy from people you connect with.

So, here you are spending all this time hiding parts of your personality in order to be "professional". That has the net effect of disconnection.

By trying to speed up a sale by doing everything right, we are slowing it down by being less vulnerable or authentic.

The irony is that if you are vulnerable and authentic you speed up the sale.

You have everything to gain and little to lose by being authentic.

Vulnerability does not mean you break down crying. Vulnerability is a state of mind. It is a clear signal to your prospect or person you are talking with:

"This is who I am. This is real. I'm not hiding anything."

If you're new to a situation, then be honest. If you're unsure of an answer, admit it. If you disagree, beg to disagree. If you messed up, say sorry, skip the excuses and move on. If you think you have confused everyone, say "You look confused, I'm worried I might have lost you. Have I?"

If it is authentic and honest, then your vulnerability will deepen the connection. And connection is the foundation of all business. This will take you further and faster.

OK, you may be thinking "But can I risk using this approach in reality?" I've used this in every "sales" situation imaginable and it has worked better than traditional sales methods every time. Plus, I felt more comfortable with this approach. I don't think you can risk the hard-yards and discomfort of *not* allowing yourself to be authentic and vulnerable.

Others who have tried the authentic/vulnerable approach against standard sales techniques have found the same thing. Aki, board member at my first company, was first starting out in the pharmaceutical sector and was required to sell things as part of his induction.

So if this is so simple, why aren't more people doing it?

Simple.

Because most people have been influenced by an outdated style of sales training which is based on ***what you say*** – not ***how you be***.

Being is more powerful than saying.

Sincerity is more powerful than slickness.

And vulnerability trumps technique every time.

Is authenticity the fastest way to sell anything?

Vulnerability is one type of authenticity. There are other ways to be authentic. For example, it is authentic to own your greatness if you are really the best in your field, but inauthentic to be falsely humble.

It is authentic to say you want to help people if you do, but inauthentic to pretend to help people if you are only focused on the end-result of the sale.

So your intention is critical to your sales success.

Similarly, it is authentic to sell something you yourself buy (or would buy if you were 'in their shoes').

It is inauthentic if you don't yourself buy (or buy into) the product.

Does this matter at sales time?

You bet!

> **"Life insurance companies will tell you they can take a hundred of their salesmen with at least a year's experience and without looking at their sales record predict within five percentage points what these men, as a group, are going to sell for the year. They make their predictions based solely on the amount of insurance these men carry on their own lives."**
> -- Zig Ziglar's Secrets of Closing the Sale

If you are going to

- Give a speech
- Pitch a product
- Ask for a date or
- Convince a teenager of something

... then the authentic approach is the fast way to connect. And connection attracts the results you've always dreamed of.

Authenticity is truly one of the most endearing qualities in people. And whom do you buy from? Someone thinking of what they should say or someone who ***tells their truth***.

Think about it...

When you meet someone real; someone who is being truly authentic; how attractive is this quality?

That's the wacky thing about sales.

And before you say you're not in sales, remember the quote:

"If your lips are moving, chances are you're selling something. So make it good."

Making it "good" is simple and tricky all at once

Think about it. If you're selling something really important you probably want to put your best foot forward. You will likely be on your best behavior and be extremely conscious of saying the right things in the right way.

In other words, you don't want to show any vulnerability. You assume that if you show any signs of weakness or chinks in your armor you will lose the sale.

It couldn't be further from the truth. Acknowledge limitations: yours and the products. This is the fastest way to sell your product. And you won't be left feeling slimy because you haven't told the full picture afterwards.

So in summary, read incessantly on the subject of sales, try out the things you read, remember that selling = conviction + service, be authentic and dare to be vulnerable. Great salespeople are not born, they are made.

Introvert or Extrovert?

By the way – do you think that salespeople are introverts or extroverts?

This is of course a trick question – to be good at sales, you must be both. This is good news, because you will already be strong at one, you are already half way there.

An introvert will be a good listener: critical to selling.

An extrovert will be good at generating passion and enthusiasm: critical to selling.

But neither by itself is enough. Great salespeople are either natural extroverts who have developed their introvert listening skills, or natural introverts who have developed their enthusiasm-based communicating ability.

8. Get Funding

There are basically two ways to fund a company:

- Investment-funded
- Cashflow funded

There is an option of a unique blend, but we'll cover that in the mindset section. Let's cover the mechanics first...

Cashflow-funded means you put up your own money, grind out the loss-making period through your cash-injections, then re-invest profits once it becomes profitable.

Investment-funded means you get a big injection of capital and use this to get you through your loss-making period.

The proponents of investment-funding say it helps you "*get to market sooner*."

It can do...

...But be very wary of people in life who will recommend a particular path before they have even looked at what might best fit your circumstances.

I have seen cashflow-funded companies reach seven-figure profits inside two years, and investment-funded companies still be loss-making after 10 years.

Investment is like an adrenaline-shot: it doesn't last forever, and it's what you do with the adrenaline that counts - not the adrenaline itself.

Without the right guidance you will spend rather than invest the investment-dollars you have gained, and it won't get you the return on investment you or your new shareholders expect.

Here is what I see as the distinction between cashflow and investment-funding and how to choose.

Go "Cashflow-Funded" if …	Go "Investment Funded" if …
You have spare cash of your own, and you are prepared to use it, and are prepared for the possibility you might never see it again	Your product has a genuinely long R&D time (like all biotech companies)
You don't want to manage shareholders	You don't have spare cash
You want maximum risk, maximum reward for yourself	You want to reduce your risk/reward
You don't want to give anything away	You want the accountability and structure that shareholders will create
You don't mind the fact that you won't be able to do some things that an investment-funded company can do, as quickly	You like the idea of being part of a "bigger team of winners"
You don't want the distraction of having to write a business plan, and learn how to pitch	You want the great advice that investors (who know your field) with money will sometimes bring along with them
You are OK with caring about cashflow from the get-go, and can see benefit in having to care about this from scratch	You don't want the pressure of having to focus on cashflow from the outset

I have seen both work. A lot of the decision will be down to the complexity of the product you are building.

I'm guessing that you don't have a spare few hundred-thousand right now, so unless you have existing experience at running profitable companies, and your product will take a relatively short time to build, then you may find that investment-funded is going to be your better option.

A small note: If you go cashflow-funded, this doesn't mean you don't also need some of your own savings. You wouldn't start driving with an empty tank. Nor do I suggest you start a business with no cash reserves at all.

Investment – Tricks of the Trade

The process of raising investment capital is a *book within a book*. Just like starting a company, there is a combination of mechanics and mindset adjustments required.

Raising investment is sales. So part of getting investment means you need to either get good at sales, or find someone else who is, and make them a part of your company.

But there are some crucial differences between selling shares in a company and selling a product.

Many people who are good at selling products fail at selling shares in their company, because they fail to understand the three ways that selling shares (getting investment) is different to selling products.

PS: for simplicity, in the next section I'm talking about a company selling "products". Your company may also of course sell services. I am using "product" as an umbrella-term to include services as well.

Difference #1 between selling shares and selling products

- Selling a product means you are selling to "the one": typically one person, or one company.
- Selling shares means you are selling to "the many": many prospective investors.

This means that until selling to a company, you have many people,

...all with no allegiance to each other,

...all with their own buying criteria,

...and any one of which can upset the entire investment process at any point.

- Selling to a company is like herding sheep.
- Selling to investors is like herding cats.

This means you must obey the following rules

1. **Tell your pitch as a story**

   Story is what you should be using anyway for any sales situation. But in an investment pitch it is even more critical, because story is the only way that you can unite all minds in a room which have no allegiance to each other. Story is also the only way you can speak to "right brain" and "left brain" people at the same time.

   Read my investment supplement to see how I used story to attract over half a million dollars of capital to the company.

2. **Never bring a new investor into a follow-up meeting**

   Even if they have millions. If they missed the first meeting, they can sew doubt in the minds of everyone at the second or third meeting. I made this mistake in a 3rd round meeting, and it would have cost me the company's first round investment if I didn't have my "cat herder" working behind the scenes to undo the damage I'd caused by introducing what turned out to be a "doubt-spreader" late in the piece.

3. **Have a "cat herder"**

   A "cat herder" is an investor that you know will invest in your company no matter what. Tell her that you are up against a challenge to unite many minds, and that you want her to use all her skills to bring other investors over the line.

   This way, you can get on with the job of selling your company's products, not its shares. This is not only in your interest, it's in the interests of your new shareholders.

4. Understand the 10 top reasons that companies don't get investment, or don't get investment on their terms and timeframe.

** Read the special bonus supplement which outlines all 10 reasons now**

Difference #2 between selling shares and selling products

The stakes are much higher to you with an investment discussion

- If you sell "too much" of your product you get rich, but if you sell "too much" of your company then everyone else *except you* gets rich.

- If you sell a product too cheap, you don't make money at one point in time. If you sell shares in a company too cheap, you undermine the structure of your company *forever more.*

What this means is that you will get much more emotional about selling shares. If you have co-founders, you may have arguments about value. Be aware of this. It also means that investors might get to see

- That you are getting emotional
- That you are uncertain or hesitant at some level

This will make them back off you right away.

The best thing to do here is to:

- Work out in advance what you want, and what is unacceptable as a valuation.
- Ensure you never go into an investment discussion from a position or attitude of being desperate. Be willing to walk away if you feel the person on the other side of the negotiating table is trying to exploit you in any way.
- Talk with your co-founders more than ever, to make sure you are in alignment before investment discussions commence.
- Make sure more than ever that you are doing something daily that is focusing your mind, and allowing you to chew up and spit out negative emotions.

Our company was the first company in our country to get formal angel investment group backing. Another company had been in due diligence discussions for eight months and discussions had gone nowhere.

Giving a great pitch and having a great investment opportunity were not enough. There were many tough follow-up investment meetings, where I had no doubt that I needed every ounce of clarity and confidence that my daily practice was giving me.

I believe that of everything we did right and wrong, it was the most important secret weapon that got us investment where over one hundred other companies had faltered.

Difference #3 between selling shares and selling products

Products are tangible, companies are not.

With products, there are usually similar products to yours that you can compare to, in order to get a reasonable idea of what yours is worth.

Or you can work out the cost to build, work out the margin you want, and create the price that way.

Or you can do market research, determine what people are prepared to pay and value the product that way.

With a company, there are no such comparisons that can be effectively made. Your company is not like a house,

... or a widget.

While there are formulas for measuring the value of a company once it has revenues, and more formulas again once it has profit: pre-profit it is very hard to value.

Once I was invited to give a talk on valuing a company at a University.

Along with me was a venture capitalist. Both our angles were different, but our message was the same:

"There is no metric for valuing a startup company: it is worth what people are prepared to pay for it."

I have seen "discounted future earnings" formulas and all sorts of other nonsense. They are nonsense because while they seem deceptively mathematical and rational, they all start as a "castle in the air" which is a fantasy about how much revenue you think you will be earning in a particular year.

It is the *story that justifies this revenue projection* that matters, not the projection itself.

Otherwise, anyone could put up an exponential growth curve on a powerpoint slide, put their company's name at the top and get investment tomorrow.

What this means for you is this:

1. Some investors will try to aggressively argue-down the value of your company.

2. Some investors will say “you don’t even have revenues – that means you are worth next to nothing”.

3. Some will go so far as to say “Now you have disclosed when you run out of money, I will come back around that date when you have almost run out and then we will talk.” Show these investors the door. We did.

4. Don’t get such a rigid notion about something as subjective as the value of your company, to the point that *you* become the problem.

Remember that provided you are keeping control of the company’s direction, and have planned so that after a possible second, and third investment round you still have control of the company, there are basically only three outcomes:

- everyone will make a lot of money,

- no one will make any money, or

- some private share sales will get most of their money back at a similar price. This happens less frequently. Normally it’s one of the first two bullet-points that happens.

Have a firm idea on the valuation you want, and also the valuation you would be happy to get after negotiation. Our figure was $2 Million, and we settled for $1.5 Million.

The fascinating thing was, we voluntarily settled for this figure. How? We developed such a cooperative relationship with investors that they said

> *“We could invest in you at $2M, but we think $1.5M will make life less stressful for you, because in your second-round investment, you will be more likely to be able to sell for a higher share price. Don’t go too fast too soon. But you decide.”*

Now that’s the sort of investors you want to attract to your company!

It was great advice that allowed us to sell shares in round two at a higher price – which maintained the “up story”, and which we could not have done had we valued the company at $2 Million in round one.

Set the intention for yourself, not only to get “investment”, but to get investors who will work cooperatively with you to grow your company, for the good of all. Be specific not only about how much money you want, but about the *sort of investor* you want.

How Do I Write a Business Plan?

To get investment, you will typically need a business plan.

That's because most investors will ask for one.

Before you send the business plan, send them a one-page drop sheet. A template is included as a special bonus attachment to this ebook.

Your business plan itself should be no more than 25 pages, focused on:

"What's in it for them in business terms".

Remember: investors like reading lots of details even less than you do.

There are many business templates out there, and even software you can waste your money on to create them.

My view on business plan templates is this: your choice of business plan template has as much bearing on your chance of getting investment as the choice of music-stand does to the chance of a musician becoming a virtuoso.

In each case, just get one that isn't broken and get on with learning to play.

There are plenty of free templates available online.

1. Community Benefit and "Manufacturing and Operation" sections are irrelevant to investors. I'm not sure what they were thinking. No investor cares whether you have role profiles and procedures for employees, and you may discourage investment by making out that is a big deal.

   How you manage your team is a "black box" the investor doesn't want to see inside.

2. Why separate out introduction and executive summary? No compelling reason – keep it simple and make them one section.

Otherwise, this template works just fine. Notice that it doesn't have a big section on "your product's functionality". Focus on the business opportunity, not the product functionality.

That's why it's called a *business plan*, not a *product plan*.

The other point about a business plan is that it should include ***a plan***. Otherwise it would be called a "Business *Description*".

Sounds obvious – so why is it that most of the business plans I've seen are more of a description of what's been done to date with a graph showing exponential growth in the future?

As a judge, mentor or investor in other startups, I have seen well over 100 business plans, and typically absent is a compelling strategy describing how you will bridge between today and dreamland.

Spend your time brainstorming how you will create this bridge. Write it down.

Ruprecht von Buttlar is one of those rare and precious University program directors who was a successful entrepreneur in his own right before becoming a teacher of entrepreneurship.

When I interviewed Ruprecht a few years ago for a business magazine article on raising investment he said that your business plan should flesh out the details of your pitch, and your pitch should contain these elements

- *Define your ideal customer and whether your product is revenue-sourcing or saving cost.*

- *Tell me how money flows back to you, what is your business model and how it scales.*

- *Give a precise definition of the overall market and the part you are going to tackle first with your small team.*

- *Then provide a competitive differentiation that identifies why you are going to win. You need a well-defined go-to-market -strategy with information about how you will go about it — direct or through channels.*

- *What is your cost of sale — will it cost $500 to get a $480 sale?*

- *Then show your gross profit, margin and cashflow analysis of how and when you take capital.*

--Ruprecht von Buttlar

How important is your "point of difference?"

You hear it all the time:

* “What is unique about your business?”,

* “What is your key differentiator?”

* “What is your USP?” (unique selling proposition)

I have a fundamental belief that this question is asked too early too often, and it steers companies in the wrong direction.

A while ago I wrote a blog-post called “How would Bill Gates have gone on Dragons Den?” It was a tongue-in-cheek article about how unsophisticated investors place too much emphasis on USP (Unique Selling Proposition), not realizing it doesn’t count for that much in the eyes of consumers. Part of the dialog went like this

> Dragon: “OK, so you want to create a product no-one is asking for, give it a name no-one will buy, create something – I mean buy something and resell it through a licensing agreement, promote something that is not unique, get to market second with something that is not as functional and not as easy to use.”
>
> Bill: “Exactly. Isn’t it a beautiful vision. But we will win, because we will get a licensing deal with the biggest computer company in the world that gives us royalties every time the thing is sold. They will sign the agreement because they don’t think it’ll ever be a big opportunity. And then we will have a monopoly. We will sell our product cheaper, and it will be good enough. Then using the operating system, bit by bit we will use profits from that to gain a monopoly on the applications that people build to run on the operating system.”

An investor-friend of mine who read the article wrote to me and said that if he’d encountered a person talking like this in a pitch he would have been impressed because he was grounded, and had a clear strategy and a clear end-game.

Is your strategy and your end-game as crystal clear in your mind as Bill Gates’ imagined-reply to the dragon is above?

If not, stop refining your product and other less important things, and get real clear on your commercial take-to-market strategy – with the help of a good business mentor if necessary.

In your business plan, spend most of your time on the “how”, less on the “what”, and just a few compelling statements on the “why”.

You don’t have to be unique

The point is, you don’t have to be unique to succeed. You don’t have to be the best. You don’t have to have a degree. You *do* have to have a great business model, be a visionary, have conviction in what you are doing, and commercial savvy.

Too often I hear investors ask the same batch of questions. “What’s your USP” is a standard one and then decide in unison not to invest if the answer is not good enough.

This screens out a potentially good company with a bad question. Asking a startup what its USP is can be like asking a teenager “what do you want to be when you grow up?”

Some will know, others will not. But as one VC told me:

“80% of companies that succeed fundamentally change their business model.”

The point is, things change – USPs, business models, products, the market, everything. That’s why the team, the business acumen, the vision and the conviction is so important.

So at the start of your company – focus on being the same. That is a revolutionary concept, I know. But I’ve seen too many companies try to be unique before they even learn the basics of business.

This is like trying to play “Stairway to Heaven” before you can strum “Smoke on the Water”.

Get really good at being the same first. Then once you are out of the lab and selling your wares, your *customers* will reflect back to you what is unique about you.

Then make that into your USP, which is your accelerant in phase II. But trying to work out your USP too early results in fantasy, and stems from ego.

Think about it this way ...

Which of the following do you think is going to resonate more with the market and lead to more business:

- You telling the market what the customer’s reflection of what your USP is, based on them doing real business with you?

- You telling the market what *you* think your USP is before you’ve road-tested it with any customers?

Now remember that you are not going to re-educate investors overnight.

They will still want their answer to the "what's your point of difference?" question.

What you want to do in this case is point to the point-of-difference in your *business model*.

In Bill Gates' case, the point of difference was in the business, not the product. His point of difference was his inventive and lucrative decision to seek a licensing deal with IBM.

If they keep insisting that your product must also be different, gently remind them that if this were true – Microsoft would never have got past startup phase.

If they still don't get it, then trust me – you don't want this investor in your company.

Why?

Because they are trying to make you comply to a *concept* of what is important, not to what is necessary in order to sell products in the *real world*.

It's not worth the trouble they will cause you downstream.

Do your due diligence on investors too!

I have seen two cases where a single investor invested in a company, and in two of these cases, there has been a falling out and the company has either folded or become unprofitable.

I strongly suggest spreading your risk – by having a number of smaller investors. That way, you benefit from the collective intelligence of a group – and the possibility of one rogue investor being overly controlling or influential is removed.

9. Get Profitable

"Getting profitable" is a simple equation right?

- Raise sales, and
- Reduce expenses

That advice would be as useful as a football coach saying:

"The art of winning a game of football is to score more than your opponent."

So this section will focus not on the obvious "*What* you need to do, to become profitable" but the less obvious "*How* you do it".

Raising sales

As you have discovered, "lack of sales" is not the problem, it is the *rat* that shows up when there is some underlying *rubbish* around. You'll see exactly what I mean by this when you read "Mindset Adjustment #4".

We covered the "raise sales" bit in the Sales section.

So I won't be repeating the information on *how to raise sales* in this section.

So that leaves ...*expenses*.

These are vitally important to control in a startup. Attracting sales is not good enough.

I have seen more than one company create great sales and fold, because expenses were not well managed.

What you will learn in this chapter is the art of how to rein in expenses without stalling the horse.

Reducing expenses

Everyone focuses on creativity's show-ponies: marketing and product.

Creativity with cashflow – while less sexy – is what lets you grow a company that looks big on virtually nothing.

Running two successful companies from startup, these are examples of things that got our dollar going 50% further.

1 As covered in the section on "Structure", got advice without paying for it– board and advisors paid only in options

2. Hire only top staff: paid them 60-90% of market rates then made up the difference (and then some) with options.

3. Negotiate, negotiate, negotiate. Always get more than one quote, always let the supplier know your vision and that you want a long-term partnership, always bargain. This can save you 30-40% on today's rates. Have "big picture" chats with chosen suppliers – as we did in the example I gave earlier with our lawyers that cut our costs by more than half.

4. Use students (sparingly) and the retired (more) for tasks that were not mission-critical.

   I hired a student to do my IT support, and a retired typist to do transcribing for me. Both were more cost-effective, and the typist was highly proficient.

5. Use high quality free tools such as Mailchimp for newsletters. It is free for up to 1000 mails/month.

   You definitely want to use a social media tool like Mailchimp for running email campaigns.

   Otherwise most of the emails will get trashed. Plus it has reports that allow you to see who opened, who clicked through, so you can change your headings and content to optimize the results.

   Use Freeconferencecall.com for call conferencing, and Skype for international calling.

6. Offer modest hourly rates to top up-and-coming people, but make them realize it's an "apprenticeship" where they get to soak in everything they will need to start up their own company.

   This only works if in every relationship you add more value to them than money alone can using currencies that partially or fully replace money. The currency could be

   - The likelihood of future business,

- Fun,
- A “piece of the action” (options or equity),
- Job-references, or
- Training.

It’s about making the value they get from you apparent to them in a way they would not otherwise have seen.

By exercising all these creative cost-saving measures together, we ran our company with less than half the expenses that companies at a similar stage to ours were spending.

One member of our advisory board could not believe it was possible to run a company on so little and still maintain progress on the things that mattered.

Innovative use of cashflow is the ultimate way to get sexy with the unsexy stuff.

Reining in expenses creatively requires a mindset adjustment too. This mindset adjustment is so important, it earns its own chapter. See Mindset Adjustment #6, which relates to the mechanics of this chapter.

Too often, companies either try to rein in every expense, or rein in no expenses. The expenses covered above provide examples of the expenses you must control.

As you will see in Mindset Adjustment #7 however, saving a buck by doing something you really loath is an expense you are better to incur by getting someone else to do it. Doing it yourself has very high hidden costs.

Section 2: Mindset

The 7 Mindset Adjustments Successful Entrepreneurs Make

As part of the market research for this book I asked a selection of successful entrepreneurs, people in the middle of making their business profitable, and people about to take the plunge and become entrepreneurs, the following question:

What do you think are the major reasons that people never go into business in the first place?

Almost without exception, every answer included either the word "fear", "doubt" or "risk." Here is a selection

- Fear, lack of certainty, lack of self belief, lack of security, insufficient start-up capital, lack of perceived opportunity,

- Fear, doubt, lack of confidence, everyone will have a fear – probably the biggest is lack of money in the initial stage. How do I feed my family in the time it takes for the biz to take off. That's if it takes off.

- It's too much of a risk to give up the 9-5 salary, and difficult to bridge the gap between salary and startup.

I also asked "What do you think is the major thing that stops young businesses succeeding?"

One respondent, who over 20 years had worked with hundreds of startup enterprises, gave such a complete and well-considered answer, it is worth including in its entirety.

- Yourself! Capital, working in the business too much, not giving time to focusing/working on the business. Not making enough consistent noise in the market place; trying to be all things to all people; lack of clarity of your offer; target market not clearly identified or understood; weak infrastructure; lack of focus; loss of passion (eroded over time); not delegating correctly; micro-managing; poor people skills. Offer not clearly defined; offer not wanted – no research was done before starting the business. The list is endless.

What can we glean from these answers? What is most interesting to me is that of the things people said cause failure, there is a mixture of mechanical and mindset reasons (or hard-skills and soft-skills).

What I found particularly interesting was that over all the answers given, 80% of the reasons for failure were mindset related.

Which is again why I believe most academic business courses are incomplete (to say the least).

They simply don't cover the things that matter the most.

- perhaps because its unfamiliar territory,
- perhaps because they think these mindset skills can't be taught (despite the fact that research shows they can and they are being taught with great success – greater than traditional hard-skill based programs.

Don't get too hung up on the exact percentage though, whether its 80/20, 50/50 or some other ratio is not so important.

What matters to you is to recognize that both are critical.

If you don't have the hard-skills, you don't get to play the game in the first place and you simply set yourself up for failure.

If you don't have the right mindset, then you will set yourself up for under-performance and the gradual erosion of your passion, enthusiasm and confidence.

Get both right, and you are most of the way there.

Over time, having observed many startup companies I've identified seven mindset adjustments that will lead to success.

Together with the mechanics of running a startup that are included in this book they provide both the engine and the chassis you need to run a high-performance highly successful startup company.

When you apply these mindset adjustments, you will have cleared away what stands in the way between you and your dream.

Mindset Adjustment #1: "What if it all works out?"

Do you ever think that "mindset" techniques are hard to measure and therefore hard to see the value in?

If you are a more analytical person, you probably answered "yes". If you are more intuitive, you probably thought "no way – I know that there are critical yet immeasurable things in life".

Whether you are more analytical or intuitive, this next exercise will help you understand where your mind is at right now.

Before you read any more, take a break and do this simple yet powerful exercise.

This exercise will help you not only to benchmark your own mind, but can lead to profound revelations about yourself in as little as one hour, without any outside assistance required.

Are you ready?

** Stop reading now, and take an hour to complete this exercise. **

If you don't have a full hour, then at least do this for 20 minutes and multiply the results by 3.

Benchmarking your mind - Exercise

For the next hour (or 20 minutes if you really can't spare one hour) record every thought you have as either positive or negative.

Don't record the actual thought, just divide a page of paper into positive and negative, and place a stroke in the positive half of the page every time you have a positive thought, and the same for your negative thoughts.

Don't worry about neutral thoughts, or ½ positive ½ negative thoughts, only ones that are obviously one or the other.

For example:

"I need to take out the garbage" is a neutral thought, but "oh my God the house is such a mess" is a negative thought.

"I love my wife" is a positive thought, whereas "this is a stupid exercise" is a negative thought. Are you getting the gist?

Don't edit your thoughts, or try to second-guess what this is about, or make it "mean anything" if you find that one column outweighs the other vastly.

Avoid judging each thought, or analyzing it. Simply record the thought as though you the recorder are simply keeping score.

** Do the exercise now **

Are you ready.

OK, let's go!

....

Welcome back.

What did you find?

When I did this with one already-successful entrepreneur, he found that he had 42 negative thoughts and just 13 positive ones.

At the end of the exercise he had another positive thought though: "my goodness, if I can achieve so much with so many negative thoughts, just imagine what I can do with more positive thoughts!"

OK, I'll fess up, the entrepreneur I'm talking about is me.

My negative thoughts included "what a drag, the car needs to be fixed", to a recollection and replay in my mind of a past business event that went badly, to anxieties about the future.

So don't worry if you have a lot of negative thoughts – it's very common.

In fact, one alarming statistic stated that the average human has five times as many negative thoughts as positive ones.

I also found this exercise incredibly revealing.

It revealed to me

- How much my family were a source of gratitude to me (and why it was so important that any of my business intentions related back to them),
- How even with so many negative thoughts standing in the way, I was still able to function normally in the world, run successful businesses and enjoy life.

I also got excited about how much more would be possible.

As you do this exercise, you may find as I did that simply recording negative thoughts, without "indulging them" or analyzing them, takes their power away. They are no longer something insurmountable. They no longer control us.

They are simply thoughts, which we can hold onto, or watch pass by like a passing cloud.

Your ratio of positive:negative thoughts is less important. What *is* important is that you:

a. Reward yourself for doing so well even with so many negative thoughts in your mind.

b. From this point on, take the attitude of simply observing thoughts. When you do this, the positive ones automatically become the ones you act on, and the negative ones automatically become the ones you ignore.

   Again, spending time in silence is an excellent way to control and direct your thoughts.

Perhaps you are thinking "hey, but you meditate, and look how many negative thoughts you still have." Yes, exactly. And before I started meditating, the ratio was a lot more negative than that.

More importantly, I no longer act on negative thoughts. I can let thoughts pass by without grabbing a hold of me and becoming a fixed part of my reality."

Can you see what an invaluable skill that is to have acquired? ... Both in business and outside business?

What is Your Default ''What if''?

Have you noticed that many of your worries and negative thoughts are about things that haven't even happened? They are fantasies.

As an entrepreneur you are likely to run into many "what if" fantasies about things that haven't even happened.

For example:

- “What if I run out of money?”
- “What if my wife/husband leaves me because I can’t provide?”
- “What if I fail (again)?”
- “What if I have to go back to the corporate world with my tail between my legs?”

The list is endless. How much time is given to “What if” when the rest of the sentence is about some negative thing that hasn’t even occurred.

There is a simple and surprisingly effective antidote to this: ask yourself “what if I started imagining what could go right?”

For example:

- “What if I get outrageously successful?”
- “What if I have all the time in the world to do what I love?”
- “What if I realize my dream?”

Decide to spend more time in this zone of questions.

Explore it right now.

My guess is that you haven’t explored what either the negative or positive “what ifs” look like – or if you have, you’ve done only the negative “what ifs” – but without much realism.

There is really only one negative “what if” in business: “What if the business catastrophically fails”.

Let’s imagine the worst-case scenario – you lose a lot of money, you have to start again from scratch, you have to go back to work because your dream “didn’t work”.

The Worst Could Happen

The reality is, this worst-case scenario is a possible outcome.

But the possibility of this outcome can be substantially reduced through business education (which is what you are gaining right now).

An entrepreneur must be comfortable with some level of risk. If you are not, then you are not an entrepreneur. Which is fine. Better that you are honest about this now.

But if in your heart you know this is your calling – then that fear is there to test "how much do you want this?"

If you feel that calling to do your own thing despite the risk, then I believe that you have an obligation to your own life-spirit to live that life fully, follow that calling and get training so that you skew the odds of success in your favor.

I call this approach:

"following the path of pragmatic passion"

Even if your business does catastrophically "fail", then it need not be as bad as you fantasize.

I can say this because I had the good fortune to have along with two businesses that succeeded, one business that was a catastrophic failure, by any traditional business measures.

It lost everything I put in and then some. It chewed up the profits of a past-venture and then some. It meant that I had to swallow my pride and go back to work in the corporate world for a year.

And guess what? I'm still here, I'm still smiling, still breathing, and the next business was a great success.

What I learnt from it was that I had been arrogant: I imagined that because I'd been successful in the IT industry, that retail would be easier (after all, it wasn't nearly as hi-tech or as complicated, right?)

Wrong!

My arrogance was very expensive and I lost a lot of money, because I didn't recognize I didn't have the skills or training to run a successful *retail* operation.

This is also a good example of how a mindset issue (arrogance) leads directly to a business decision (I don't need training in this), which leads to a business result (a hugely loss-making business).

Robert Kiyosaki said that investment is not risky. Lack of education is risky.

The same is true of business. Business is not risky: lack of business education is risky.

The education you have already begun by reading and applying the tools and techniques in this book already place you well beyond where my mind was at the time I ran my "failed" business.

But why do I ask you to imagine the WCS (worst case scenario)?

Simply because we conquer our fears not by running away from them, but by running right towards them.

When we fully embrace the possibility of "failure" then we are free.

But if you are still expecting that you can only be happy if your business is a "success" and will be miserable if your business is a "failure" then you are setting yourself up for a tough road of stress and over-attachment to results.

Do everything in your power to succeed.

But do not expect that success will bring you happiness.

Focus on doing things that make you happy right now, and realize that no matter what happens with your business, you can choose to be happy, or choose to be miserable.

I have met some joyous "failures", some miserable "successes", some miserable "failures" and some joyous "successes" on my entrepreneurship path.

And again and again I find the happiest and the most likely to be successful are those that

1. Do everything in their power to be successful, and yet
2. Do not attach their own happiness to the fruit of their action

Imagine success

Next, get clear on the "what if I succeed" scenario. Imagine this in vivid detail. See what it would mean. Notice how you feel when you imagine it. Get clear on every detail.

This is important because the body cannot discern the difference between something it vividly imagines, and something that actually occurs.

1. Do everything possible to skew the odds of your failure through education

2. Become comfortable with the best education possible, you still do not have complete control over the outcome

3. Stop fantasizing “I will be happy when …”

4. Decide to be happy right now anyway, and focus on doing the things you enjoy in business by delegating the things that make your energy-levels sag.

Once you have done this…

Why not then choose to spend more time imagining the BCS (Best Case Scenario) and positively condition your mind for success as well as happiness?

Accept negative thoughts.

Run towards getting real on what “failure” looks like – so it demystifies it and therefore takes away the grip it has on you, and finally, focus your mind on the thought:

“What if it all works out better than I can imagine?”

…and imagine what this could look like.

Your first mindset adjustment has been to spend your time focusing on the question “What if it all works?” and imagining what this will look like.

Mindset Adjustment #2: "catch-22" is a fictional story

After seeing a large number of entrepreneurs and would-be entrepreneurs, I started developing predictors of whether they would succeed.

I don't claim to have tested this under strict scientific laboratory conditions – it has been more a test I've developed because I had an intense fascination in whether entrepreneurial success could be predicted or not.

What I found was that successful entrepreneurs:

- Don't spend time imagining what could go wrong
- Neither ignore, nor try to eliminate risk – but manage it (it is impossible
  even to be an employee, let alone an entrepreneur without the risk of loss of income)
- Invest in understanding their industry and their customers
- Invest in upskilling themselves where they need it
- Have a daily routine
- Are passionate about what they are doing
- Know how to inspire people to join a common vision
- Use language differently

How to use language differently

I've talked a lot about the first 7 factors. The 8th predictor is the subject of the next mindset adjustment.

Successful entrepreneurs don't use their language to complain about other people or circumstance, and when they have a setback the language they use on themselves is different.

Rather than ask "why is this happening to me ... again", they ask "what can I learn from this".

Now don't get me wrong – asking "what can I learn from this?" is meaningless if you don't follow it up with behavioral adjustments, but without the right language being used on self and others, it is very hard to start behaving in a successful way.

This is because thoughts become language. And language becomes actions. And actions become results.

We have talked about how to change your thoughts. This section is about changing your language.

That's a big topic, and I'm not going to ask you to fundamentally change 20+ years of language patterning you have simply because you've read this chapter. What I will do is make one ask and one suggestion.

My "ask" is that you change your language in one subtle, easy-to-implement, yet powerful way after completing this chapter.

While I was observing countless entrepreneurs I asked myself "What is the one language difference above all others that separate out those that are struggling from those that are surfing?"

That is the one difference I am going to ask you to apply.

Become a linguist

The suggestion is this: become a linguist. Not the academic sort, but the practical sort.

Why?

Think how many words you speak every day.

Now think about how much time you've spent on trying to master your use of words. Now think about how much more success you think you could generate if you were a better master of your words?

Do you start to notice a big and obvious gap?

Mastering your use of language will be a fast, enjoyable and enriching experience that will help you achieve not only faster business results, but faster results from any area of life you choose to apply it to.

Two books that will help you to change the way you use language so that you operate in your success-zone more often are

1. The Success Zone, Andrew Mowat, John Corrigan, Doug Long

    - http://www.andrewmowat.com/books/

2. My own "The Six Secrets of Incredible Influence" (a free resource)

The one language adjustment that you can make right now that will change your camp from struggle-camp to success-camp faster than any other language adjustment you could make.

Have you ever said

- "It's a Catch 22" or,
- "I feel like it's a chicken-and-egg scenario", or perhaps
- "I feel like we need to do x before y will work, but until we achieve y, we can't do x"

This language pattern is called the "Catch 22" pattern.

And it keeps you stuck.

It doesn't represent reality …

It represents your flawed perception of reality.

I say "flawed", because if it were in fact true, then no other entrepreneur would have succeeded.

But other entrepreneurs are succeeding every day, in every industry, including yours.

So what do people say "catch 22" about

* "I haven't got time to think about the big vision, I'm too busy managing day-to-day cashflows, but I know that until I start thinking about what I want to change, nothing will change. It's a catch 22"

* I need investment in the company so I can do more market validation, but until I've validated the market and got a few more sales I won't get investment – it's a 'chicken and egg' situation"

* We need to get more business so we can justify getting another staff member, but when I have more business I won't have time to train them – it's a …

You get the picture?

Each of these stories is like the story "Catch 22".

"Catch 22" is a work of fiction by a man called Joseph Heller.

It's a very funny story, and the only book to this date that has had me in uncontrollable fits of laughter, literally rolling on the floor.

I recommend it as a good read.

I do not recommend you apply the "Catch 22" scenario described in this book to your life.

And neither does Joseph Heller.

What to say instead

In writing this book, I spoke to a number of entrepreneurs who'd run multiple successful companies. None of them used the Catch-22 Language pattern.

By contrast, the ones that were not growing their company (sometimes after 10 years) used this language-pattern frequently.

They used it as a crutch to avoid the *internal* personal and business changes that needed to happen, in order to change their business results.

In other words, the Catch-22 pattern provided a justification (a plausible sounding *external* factor) for their current business results.

By contrast, I noticed that the entrepreneurs who'd run more than one successful company, when faced with an apparent impasse, asked themselves empowering questions such as:

'what is the best way to grow with what I have?'

'what currencies do I have that I can use?'

'what have I not yet seen, that resolves this apparent impasse?'

Then they listened for the answer and acted upon it.

Here is an example:

At my first startup company, we had to get the best computer programmers in the country in order to get ahead of our competitors who had more financing, more resources and had started earlier.

We could have used the Catch-22 language pattern “We need the top programmers to win, so we will get great sales; but we won’t be able to afford top programmers until we have those sales”.

That would have provided us with a justification for not progressing.

Instead, we asked the question “How can we can get the top programmers we need, with what we currently have available?”

This question focused us on getting creative, rather than justifying an impasse. We decided that while we weren’t then cash-rich, we were rich in

- Enthusiasm,
- Passion,
- Vision, and
- Purpose.

So we sold our programmers our vision using the currencies we were rich in. We painted the picture of how our software would change the world. And we rewarded programmers with share options – something they wouldn’t get at another company.

Selling the vision (and sometimes the option package), not the salary, is how top startup or young companies in Silicon Valley attracted top talent. It was how Steve Jobs attracted Joe Sculley away from Pepsi, and to Apple.

That way, we got three championship-winning programmers to join our team – and many programmers took a big pay-cut to do so.

But we topped them up with share options.

And today, on the back of the company’s success – those programmers who took the punt will do better from their options than they could ever have done through a simple pay-packet.

To succeed as an entrepreneur, whenever you or anyone in your team does a Catch-22 language pattern – name it, move on, and focus on the question that will get you focusing on the creative solution.

The formula for the replacement to the Catch-22 pattern is ...

"The opposable mind pattern"

According to Roger Martin in his book "How Successful Leaders Win Through Integrative Thinking"

> "Winning leaders use a different type of thought and language pattern that combines two seeming-opposites to achieve a new synthesis."

What?

OK – well he's a Harvard Dean of Business, so he uses lots of big words.

What he means is that great leaders look at two things that seem to contradict each other, (such as high profits and a four-day working week), imagine how they can have both together, and then make it happen.

Let's look at how this applies to your business right now.

Integrative Thinking Example 1

In your business you may be thinking

"Do I run a cashflow-funded business or a capital-funded business?"

This is an example of either/or thinking. A leader using integrative thinking would ask

- How do I run my business in a way that keeps me in control like cashflow-funding does, but accelerates my business like an injection of investment?

After some brainstorming sessions, the answer that comes might be

- Deciding to get incredibly good at pitching, so your perceived valuation shoots up. That was the decision I chose.
- Equally valid, it might mean engaging a specialist at raising company valuation pre-funding, so you dilute your equity a whole lot less.
- You might also decide to distinguish between voting and non-voting shares so you can dilute your equity without loss of control.
- It may mean that you simply put your attention into revenue-generating strategies only, and divert attention away from the things in the *"Good, Great, Best, Placeholder"* Table that don't matter that much. That way, you may not even *need* investment.

There are many potentially-great answers to a great question.

But there are no great answers to a lousy question.

Integrative Thinking Example 2

Many entrepreneurs ask

> "Do I go early to market and gain first-movers advantage and early revenues, *or* wait until my product is better and my competitor has shown their hand?"

Again, this is the wrong question. An integrative thinker asks the question:

- How do I gain early revenues from my product without declaring my hand too early or sacrificing quality?

Again, there are a number of great possible answers to a great question.

- It may mean that you outdo your competitors on your market research so you can be confident that even your version 1.0 will be as good as their version 2.0.
- It may mean you incentivize your prospective customers to pay for your product before it is even released with a discounted "pre-

order" price. This is what a good friend of mine chose to do at his company and it paid off handsomely.

He required no investment, and used the early cashflow to fund remaining product development and expansion into new markets. It was an inventive strategy, and the result of a leader using integrative thinking.

When you read my report on "How to Bridge from your day-job to your dream business" you will see that the integrative language patterning is used throughout.

This will help you devise not one, but many great exit-strategies from your current job, so you feel confident it's the right step for you no matter what happens.

The main point is that it is not enough to simply ask "what does getting x and y together look like?"

You then have to allow yourself time to create an answer.

Don't be in a hurry for the answer.

Creative energy cannot be project managed in, it can only be ***project managed out.***

Go for walks, read books, brainstorm with your team, ask for outside help and of course (at the risk of sounding like a broken record): put in place your daily practice to clear your mind so inspiration can enter.

The answer(s) will definitely come.

And the more you practice asking integrative-thinking questions, the better the quality of your answers will become.

So there you have it: not only the single most important language pattern to remove, the one most likely to place you in the success camp.

But you also have the formula for how to construct an alternative pattern in your mind that helps you come up with the right creative strategy to implement.

Mindset Adjustment #3: Turn Your Comfort Zone Into an Acid-Bath

What is your comfort zone? It is important to understand that your mind does not gravitate to what is *best for* ***you***, it gravitates to what is *comfortable for* ***it***.

And what is comfortable to the mind is what it knows.

As an entrepreneur, there will always be many things you do not know.

In the process of discovering what you do *not* know, you will go through the 4 steps of learning:

From unconscious incompetence to conscience competence.

Step 1: Unconscious Incompetence

Remember when you first learnt to drive?

I have a young daughter.

At the time of writing, her driving skills are unconsciously incompetent.

She has seen me drive, and has deduced from that, that if she turns the steering wheel she is driving.

She is unconscious of her own incompetence.

Step 2: Conscious incompetence

When you first got in your parents' car, chances are you very quickly realized that you were incompetent.

Step 3: Conscious competence

With time, and with huge amounts of mental concentration, you became able to get the correct sequence of acceleration, gear changing, braking, indicating and turning – at maybe 25 mph!

You are at this point consciously competent.

Step 4: Unconscious competence

Finally, you are able to drive with ease, hold a conversation with a passenger or listen to an audio mp3 without even thinking about the fact you are driving, or the steps you are taking to drive. You have achieved mastery

Now here is the question: which steps involve no stress?

When you reflect on the four steps you will notice that the answer is step 1 and step 4.

At the start (such as before you start a company) you have no idea what is required, and positively believe you can take it on.

It is true that ignorance is bliss.

And at the end when you have achieved mastery, you can run a company without struggle.

This situation is also blissful – but it is a bliss that has results and success as companions, unlike Step 1.

Step 2 however is stressful

... and Step 3 is exhausting!

That's why most people give up at Step 2 or Step 3.

They have left their comfort zone.

They are not prepared to stay outside their comfort zone.

And so they go back to doing things they have already mastered (like their existing job), even if this is unfulfilling or boring.

How Peak Performers (including winning entrepreneurs) Approach Learning Differently

Peak performers have a different mindset: they see things as they are.

Rather than think "this is hard/stressful" or "I'm no good at this", they strip out the emotion, and focus on the facts at this point. They simply think "oh – I must have reached Step 2 of learning".

Then they push on, knowing that this is only a temporary stage on the road to mastery.

Running a company, the skills most people fail to master include

1. Correct fine-tuning of the product so it hits the sweet-spot in the market.
2. Managing people.
3. Organizing your day around *inspired actions*, not "to do" lists.

How the "4 Stages" Apply to *Your Product's Sweet Spot*

Products go through "learning steps" too.

Even with pre-emptive market research that you are of course going to do, to save you time and money, it may take a few adjustments and tweaks before your product hits the perfect sweet-spot in the market.

I made this mistake at my first company: I took it too personally when the first version of the product didn't fly off the shelves.

Over time, I learnt that my own negative mindset had almost caused me to scuttle the whole company.

After all – if the leader no longer believes in the vision, everyone in the company can smell it. Fortunately I had some good advice from a seasoned entrepreneur who gave me some important mentoring.

He explained to me that very few companies hit the bulls-eye first time – but the ones that won were the ones that didn't see a slow uptake as failure – only feedback (like Step 2 of the product's learning about its market).

How the "4-Steps" Apply to *Managing People*

Regarding "managing people" this is one of the best things you can invest your time getting better at. It's one of the things most entrepreneurs ignore – at their peril.

And it's one of the easiest ways to accelerate your success by having highly motivated people giving their 110% to help you achieve it.

As an entrepreneur you have to be very efficient with your time, which is why I recommend a short, simple and powerful book on leadership by Kenneth Blanchett called

"Leadership and the One Minute Manager: Increasing Effectiveness Through Situational Leadership".

A little later on, should you find yourself leading a larger company, it's time to enjoy Marcus Buckingham's book on leadership

"The One Thing You Need To Know"

I recommend Kenneth's book first, not only because of its elegant simplicity, but because it is built on the exact same 4 steps we are talking about here: applied to "Leadership".

Here's another very immediate example of learning steps 2 & 3: some of the tools recommended in this book may feel unnatural and unfamiliar to you.

Just like driving felt unnatural and unfamiliar to you once.

Just like walking felt unnatural and unfamiliar to you when you were starting out having only mastered crawling.

But in each case you decided to push through Steps 2 & 3 because the payoff was worth it.

Can you see again why strong intentions and objectives are so critical?

Because you now have a clear payoff worked out in your mind

– linked to the things that matter most to you –

... when you hit Steps 2 & 3, the payoff will be so strong and so clear in your mind that there is a lot less risk you'll say "it's too hard" and quit.

Why the "Acid Bath"

The mind responds to images

It responds weakly to weak images

It responds vaguely to cloudy images

It responds strongly to strong images

An acid-bath is a strong image !

… here's how I use it to inspire me out of my comfort zone daily:

I imagine that my comfort zone is like a small inner circle with lots of bigger concentric circles around it.

Then I imagine a bath of concentrated acid being poured in the inner circle: my comfort zone.

The acid is so corrosive that it would eat away at my body the minute I touch it.

It is no longer comfortable to be in my comfort zone.

When I imagine this, I ask myself the question:

"What areas of comfort that do not serve me can I leave behind today?"

You are welcome to use the very same visualization and question that I do, and wait and see what courageous actions you perform instead as you move more and more from your comfort zone into your courage zone.

How the "4-Steps" Apply to *Your Inspired Actions*

What do I mean by "inspired actions"?

This was one of my biggest learnings when I did an audit of "what mattered" at my first company.

After the company had become relatively successful, I asked myself the questions "what was the sequence of steps that made the difference?"

I was astounded to find that there were only 12 things.

I was further astounded to note that 11 of those 12 things happened in under 2 weeks. That's a total of 24 weeks out of 3 years.

So what was I doing the rest of the time? Sure, some of it was necessary (but probably could have been done by someone else). But a lot of what I had done was fruitless.

I thought to myself, “but that’s all very well to say now – but how could I know at the time what actions would bear fruit and which would waste my time?”

Of course, you cannot know the outcome of an action in advance unless you have some psychic powers which I don’t claim to have.

But what you can do is predict with a good degree of certainty which actions are most likely to bear fruit.

The secret is very simple.

So simple, we tend to overlook it. The secret is to do those actions, which inspire you.

Rather than look at a “to do” list and tick off items like a conveyer belt zapping bottle-tops on bottles, choose those actions which you feel inspired about doing.

It frees up so much of your time, and more importantly, keeps you in a state of high-energy.

And if you are in a high-energy state, the enthusiasm that comes with this high energy will be infectious to your prospective

- Customers
- Employees, and
- Investors.

Now I know what you are thinking – there are some actions that have to be done, that aren’t inspiring. That’s true. But these actions don’t have to be done by you.

In fact, there are some things it is critical you do *not* do, or you will obliterate your energy levels. As you know already, this is achieved through delegation.

So my suggestion is that you stop tolerating the erosion of energy that uninspiring actions cause when you do them, and start manifesting someone else to do them.

These are the 5 things I do at the start of each business day

1. Get up at 6am and do one hour of daily practice.

2. I ask myself the question "How can I serve people today?" I used to ask the question "What inspired actions can I take today that will be fun for me to perform and which will forward my business?"

   After realizing that serving others was my core purpose on this planet, I replaced it with one that is tailored to what inspires me the most.

3. I record the thoughts that come.

4. (Most important). I do them. And I do them without attachment to the result.

5. I wait, and continue to work on other inspired actions.

That's pretty much it.

This year, I made a decision about the number of hours I wanted to work per week, and per year.

I also decided what sort of people I wanted to work with.

Being clear on your goal is paramount. And yes it should be specific, because if you aren't clear on what you want, then no one else is, so your chances of getting it are low. Not zero, but low.

Like the proverb says:

> "Man must stand with mouth open for long time before roast duck fly in his mouth."

In other words, know what you want, then develop a set of inspired strategies to get it.

Mindset Adjustment #4: Remove Rubbish, not Rats

In the “mechanics” section, I gave a table that listed what you want to be working on, and what you don’t.

But wouldn’t it be even more powerful if you had your own system where you could know at any moment what was the most valuable thing for you to be working on?

There is a key to being able to do this, and the key is to be able to distinguish symptom from cause.

Most companies I see do not make this distinction.

Business incubators and University Courses have historically tended to focus on the symptom, not the cause. “Cashflow”, or “lack of cashflow”, for example are both symptoms of some underlying cause in a business.

What you will learn in this section is what to focus on instead, so that *cashflow*, *sales* and *great staff* just "show up".

Let me give an example: a while ago New York had a rubbish strike. As a result, rubbish piled up and began to stink.

As a result, rats came.

As a result, New York got a rat-problem.

- The rat-problem was the symptom.
- The rubbish-problem was the cause.

Now imagine if you called this a rat-problem and sought about getting rid of the rats.

You could invest huge amounts of time and energy on numerous hi-tech rat-extermination techniques. And each of them would appear to be working, for a time. But until the rubbish is gone, you will just keep on getting more rats.

Have you ever felt like this in your business regarding

- Cashflow
- Staff you “can’t rely on”,
- Lack of sales

They are not the problem, they are the symptoms of some underlying rubbish.

Your task is to identify and address the underlying rubbish-problem.

Lack of cashflow is a rat-problem.

This rat comes because of a number of types of rubbish, including

- The failure to distinguish “thinking big” from “spending big” and
- “Failure to inspire people in your written and verbal messages”.

It also comes when you undervalue yourself and your product, and as a result give away chargeable time for free, for not-enough, or charge too little for your product.

“Staff you can’t rely on” is a rat problem.

This rat comes when you

- Don’t have a compelling vision, well expressed, that attracts great staff to you.
- Don’t incentivize your top staff with “a piece of the action” (such as options)
- As a leader, you’ve not yet discovered how to inspire people to give their 110% (such as your idea of what customer service should be)

Lack of sales is a rat problem.

This rat comes along when any number of rubbish-sites are in the way including

- Marketing content and key-messaging that is focused on you, not them (customer); on functionality, not benefit.
- Lack of self-esteem at sales-time, or some belief about sales that stands in the way of you speaking with skill and conviction about your product.
- Hiding in your comfort zone and not spending enough time speaking to new prospects.

Often, at the start of a contract my client asks me to focus on the rat-problem (cashflow and sales).

My response is to tell them that to do this would be a disservice to them.

They would not get sustainable results if I worked with them in this way.

They would only get the same results they had got in the past: temporary relief.

When I explain it using the rat-problem and rubbish-problem metaphor they get it straight away, and see the critical importance about addressing the questions:

- “Why are the rats there?” and
- “What can we change so they simply aren’t there in the first place?”

PS: I have Anne Miller’s book “Metaphorically Selling” to thank for showing me not only the power of metaphor to sell a vision or a product, but even a concept.

I used to feel that I wasn’t getting through to other entrepreneurs about the importance of focusing on cause, not symptom. As soon as I started using the rats and rubbish metaphor, they got it right away.

Metaphors are vital to selling not just a vision, or a product, but a concept.

Mindset Adjustment #5: Overcome FFBBs

FFBBs are your fatally flawed business-beliefs. We all start off with some of these, and over time they are exposed: often the hard way.

This section is about helping you to shed these FFBBs quickly and easily so they don't hold your business back.

You've probably heard some of these fatally flawed business beliefs, and possibly thought some of these at some time yourself. Here are some of the more common examples:

1. "Build it and they will come"

2. "Once we get over *this* hump, we'll have more time"

3. "Follow your passion, and the money will come"

4. "We have a great product, now all we need to do is get some good salespeople to sell it"

5. "Get the culture right, and the business will take care of itself"

To these beliefs, I have this to say to each one:

"You are about to have a painful and expensive discovery."

Having heard these beliefs and others like them, I can say when I reflect on what happened to each of the companies that held these beliefs dear, that "Your belief is your compass".

It doesn't matter how fantastic the ship and the crew is; if you believe that your ship can traverse land, you are about to have a painful and expensive lesson.

Let's address each of these FFBBs

1. Yes you need to build it, but they won't come unless you have

- a. Done your market research thoroughly, and

- b. You put more emphasis on your sales and marketing than the product itself.

2. Yes, once you are "over this hump" you can relax temporarily. But after that, the root conditions that created the first hump will create another and another and another, until you focus on the cause of the hump.

3. Yes, following your passion is critical, and I advocate this. In fact, I'd go so far to say that if you are not doing something you are passionate about, you will not be able to sustain the success you may temporarily get.

   But passion alone is not enough.

   You need to learn how to *leverage* your passion, through mastering both business mechanics and the skill of "inspiring people to a better future".

4. Yes, your product may be great – but so what? How many "great products" do you know that failed to take off?

   Salespeople are not just something you "tack on" as an afterthought once you have a product. For a start, the best salesperson will always be *you* as the cheerleader and founder of the business.

5. Yes, culture is important. But if you can't run a profitable business it doesn't count for that much.

   And if you don't want to learn how to do this, or respect that this is fundamentally what business is about, then your love of culture would be better (and less painfully for you and others) expressed by going to the theatre.

How to clear away FFBBs right now

Do this exercise now that will allow you to expose and remove any fatally flawed beliefs about business.

** stop reading and do this exercise now **

1. Write down your beliefs about business. Do not censor. Write down the first thing that comes to mind.

   Use these five sentence openers as a start. Then write down whatever other beliefs about any aspect of business you have, be it product design, sales, testing, administration, you name it.

   a. Business is ...

   b. People who are successful are...

   c. In order to be successful, I need to...

d. Time is...

e. Customers are...

Continue on your own for the next 5 minutes.

2. Look at what you wrote down. Do not judge anything you wrote.

3. Ask yourself – "which beliefs are holding back the business?" Particularly, look at what circumstances are occurring in your business, which are a likely result of your own belief (eg: staff who you feel underwhelmed by, where your belief is "employees do the bare minimum").

4. Ask yourself "What new belief would I like to have in its place?"

   If you want to accelerate this process, then you will want to consider using a supporting technology such as EFT (Emotional Freedom Technique).

   What I like about EFT is that it has a scientific basis – and it is result-oriented and fast.

   This is a technique I have found very effective at releasing beliefs at an unconscious level.

5. For the next 30 days decide to operate only out of this new belief system.

   30 days is important, because this is how long it takes for the neural circuitry in your brain to re-adjust to the new belief, so you end up thinking this way unconsciously.

This process uses the four learning steps concept.

1. To start with you are in blissful ignorance, operating out of "incompetent" beliefs which you are unconscious of.

2. Immediately upon finishing this exercise, you become conscious of your "incompetent" beliefs.

3. Next, you practice a different belief (this stage will feel unnatural as driving and walking used to) so that you have to consciously use the new "competent" belief.

4. Finally, after repetition and practice, the new and competent belief takes hold in your unconscious mind – without you even needing to think about it.

> The beauty and power of this process is that the new belief will now help you create the business you deserve without your conscious effort: without it being a chore and a bore.

Doing this exercise with your co-founders can be particularly illuminating, and save you from running your ship aground.

So expose, then modify each fatally flawed belief.

And if you are ever in doubt about whether your belief is flawed or not, your business mentor will tell you immediately. Share your FFBBs with her, so together you can turn these into beliefs that support business growth.

Mindset Adjustment #6: Think Big; Spend Small

As you can imagine, I have seen every type of company in my role as a business mentor over the years. Many come to me stuck on the details of day-to-day cashflow, and have no vision of where they are going.

But then others have a fantastic vision, but are spending like they are already there, normally because they think that this is how the "law of attraction" works. It isn't.

The first sort of person typically only knows about business mechanics, but has no appreciation of the need for the right mindset.
The second type of person only learns about mindset, but knows little about the mechanics of business.

A lot of people forget that business primarily means earning more than you spend. A friend once told me that his father, who had bought a business that never became profitable, said to him when he was growing up:

* "Definition of bliss: earning $10 and spending $9...
* Definition of misery: earning $9 and spending $10.

Yes you need to think abundantly, yes you need to have a big vision. But so many companies I've seen mistake "thinking abundantly" with "spending abundantly".

A plant needs both leaves and roots to thrive. The leaves are your vision, the roots are the mechanics of running a well-managed profit and loss system.

I train a technique called "chaotic compliance" which means the art of

1. Being innovative with the things that deserve innovation and
2. Being conservative and boring with the things that deserve conservative boring treatment (your budgets, compliance, cashburn etc).

Success in business is the art of keeping one eye on the big picture, the other eye on your day-to-day operations without going cross-eyed.

If you are a visionary – you must either develop or (more likely to be fruitful) recruit your antithesis by getting an operational expert. Same applies if you are an operator.

If you are a startup – cash is king.

If you are not a startup – cash is king.

Use zero-budget marketing techniques, use online templates of legal agreements and use professionals to customize them once you've thought through what you want in plain English first.

Unless you are going to meet the Sheik of Emir on a regular basis, use low-budget premises and hire a meeting room offsite for the rare occasions you genuinely need the facade.

Hire top staff for under market rates and make up the difference with a share option plan where they win on your future growth and you keep more cash today.

You can run a company on thin air (... ok, well maybe compressed natural gas) provided that you are being creative and chaotic in other areas that inspire your extended team.

Mindset Adjustment #7: Don't Focus on Money, Focus on "Freedom & Love"

I know what you are thinking – aren't these words a little too "Woodstock" for a book on business?

Actually, no. It's what business is all about. At least it's what business is *supposed* to be all about, before we compromise.

Think of it this way – why are you in business? If you are not yet in business, why are you thinking of going into business? My bet is that it includes one or more of the following:

1. You want time/financial freedom

2. You want to do what you love

3. You want to do what you love when you want, with whom you want, without being told what to do

In short, you want freedom and love.

However, most business owners I have met, five years after starting up their own company

- work longer hours than before, and don't have financial freedom

- are doing a whole stack of stuff they don't love at all (accounts, admin, HR, shareholder relations, reports for the board, firefighting ...)

- have more people telling them what to do than ever (their team, their customers, the board, the shareholders ...)

- have blurred the distinction between work-life and home-life to the detriment of both, are stressed-out, burned-out, or at least less happy than they should be.

In short, they are a very long way from the goal "to get freedom, by doing what I am good at and what I love".

How do you avoid the "no freedom" trap most companies fall into?

There are three ways to do this, the first two of which we have covered.

1. Intention – what you are doing, and why

2. Daily practice – how you will sustain it

3. Exclusion – what you commit to ***not*** *doing*

So let's talk about the critical final step: exclusion.

"Business Success is as much about what you don't do, as it is about what you do"

I see two very common mistakes in business, which over 90% of businesses do:

1. Trying to do too much as a business, without a strong laser focus on the key activities that will create traction.

2. Trying to do too much as a person, either because you have the FFBB "no one else will do it if I don't", or "no one else will do it as well", or "it will cost too much if someone else does it".

I'll touch on the first point lightly, as it's the second point that kills even more businesses.

Firstly, success in business is more a result of what you choose not to do, than what you choose to do.

Typically startups chase every opportunity they can, desperate for some success, rather than being strategic about their time, focus and energy.

I fell into exactly this trap at my first startup, and I spent half a year of time (that's a big part of life that you never get back) chasing opportunities that just weren't that strategically important when I paused to step back and analyze what was going to make us win.

If you want to gain traction, you must have a laser-focus on your business. The same applies to your product.

In "A Good Hard Kick In The Ass"

– a well-written book focused on the mechanics of startups – Rob Adams says that the "killer app" is just that: an application or product that kills *you*, because your company cashflows suffocate while you try to make your product do everything and please everyone.

Second, how do you overcome the tendency to "do too much" as an entrepreneur (those things like tax returns and accounts which I know you don't enjoy doing).

The first part is to realize what it is costing you. So often entrepreneurs mistakenly think they can save money by doing something themselves that they don't enjoy (take balancing monthly accounts, or accounts receivable/payable for example).

The cost is huge though.

The Huge Hidden Cost of Doing What You Don't Enjoy

1. It takes you away from what you are good at.

2. You create a dangerous unconscious message for you and the company: "It is OK to operate outside your core of excellence and deplete your energy doing so just to save a buck".

3. Because you don't enjoy it, you do a bad job, resulting in rework.

4. Most importantly of all, you have de-energized yourself by doing things you don't enjoy.

   It may have only taken 30 minutes to do that accounts task, but it de-energized you so much, that it takes you a good couple of hours to get back into the same state you were in when you were doing what you enjoyed.

5. One day, a couple of years from now, you will trudge into work, no longer feeling the same passion you felt when you set out, not quite being able to put your finger on where you went wrong.

The 5-Step Formula for Doing What You Love in Business

This 5-step process allows you to move your business ahead by relinquishing what's standing in your way.

If you read it and think "That's a good idea" – it will not help you though. If you want to not only achieve a financial result for your business, but enjoy the ride: then you might want to make a decision now to implement the following:

1. For one week, write down every task you do that you don't enjoy/don't do well/could be done by someone else

2. Look at that paper and decide whether there is one person or

more than one person you need to attract that loves doing those things you don't love

3. Write "Role Profile" on the top of that list, and envision that person working in your organization doing those tasks. Could be a part-time PA/VA, a student doing admin, a part-time IT-support or accounts person – whatever

4. Repeat "my energy is not for sale!" … "my energy is not for sale" … "my energy is not for sale"

5. Celebrate your success in one month's time

Several years ago when I did this process for the first time, I realized I was spending so much time on administration and shareholder relations, that I had no energy left to grow the business.

After doing the process, 28 days later we had the perfect operational person doing the things I didn't enjoy, and the company didn't skip a heartbeat.

It cost us a bit more initially. But in no time, the extra enthusiasm I had for my job again translated into business results. It was like with me doing the tasks I was bad at, we were driving with the handbrake on.

Only when the handbrake was released did we realize how fast we could go.

Using intention to do more of what you love in business

The vast bulk of company founders I've seen do not spend as much time doing what they love as they would like.

A lot of them have stopped doing what they love altogether. And these are the same companies that are not thriving: almost a 100% correlation.

We come to business wanting freedom, but think we have to do all sorts of stuff we don't like to get there. This is nonsense, because "we become what we habitually do".

I imagine you are thinking – "Sounds good in theory but I can't just drop everything."

I didn't suggest you did drop everything.

I have a mantra in business "I only do things that only I can do".

Whenever I catch myself doing something that someone else can do, I outsource (to someone valuable, cost-effective and better at that task than me).

If I can't find someone to outsource to immediately, I set a non-negotiable intention.

The intention is this: no matter what other "excuses" I could find to keep on doing something I don't enjoy, within 30 days the perfect person who loves and is good at doing what I don't enjoy will be doing that task.

However much you can't afford it, I would like to suggest you can't afford *not* to.

Otherwise you are using your most precious resource: your own ***energy*** *levels* as currency.

It's not the fact it takes you an hour to do an admin task that matters: it's the fact that it completely shatters your creative energy doing that task and lowers your effectiveness as the thought-leading creative charge for your business.

Once your energy drops, so will your sales and so will the future sales of your company, which are predicated on having high-octane highly-energized founders.

Parting words – "It's your story and you are the author"

If I were to drive by your mental block right now, what would I find you thinking?

Would you be ready to take action?

Or would you be thinking of "reasons" why this can't work for you.

Maybe you're still thinking at some level "Daniel was just lucky" or "Maybe he was just naturally good at this stuff".

As for "naturally good at", I can tell you nothing could be further from the truth, as you'll see when you read my story a couple of pages over.

As for "lucky" – I foundered my first company

- In an area I wasn't passionate about,
- Made all the wrong decisions about how to use money for the first

year,

- Recruited several of the wrong people,
- Ended up having to abandon our first product when it became apparent it was not up to standard, and
- Wasted a lot of time, energy and money trying to expand overseas before we'd conquered our own back-yard

And the company still eventually succeeded.

Fortunately for me, I discovered that business is like tennis: you don't have to "win every point" to come away with the result.

So don't think that you have to do everything perfect. Don't beat yourself up if you realize you made a mistake that this very book cautioned about, even though you read it, and thought you had got the point.

But do make it a habit to learn from each mistake, and surround yourself with the people and resources you need so that the vast bulk of your learning is via the mistakes of others.

I wish I'd had this book at the time.

But even without it, we got there in the end.

I want you to do much better than "get there in the end" so I end with this story that can, if you choose, be the story that inspires you for once and for all to put all your "reasons" you can't do it to one side.

There is nothing special about me, but one decision I made changed everything: a special decision, which I encourage you to make as soon as you finish reading this book.

The one decision that changed everything

Remember back to that over-warm, overdressed kiwi who had just been roasted by a dozen San Diegan Dragons in the summer of 2003? I had returned home with my head hung low and had told my cousin how I had blown my big opportunity.

My cousin looked up at me through his wild dark hair and looked me directly in the eyes as he said "Cuz – this is only the end of your dream if you let it be.

Or it can be the turning point. It's your story, and you are the author."

What he said pulled me out of my confidence slump, and made me vow that this would be the turning point in my story.

As a result of that decision, over the next nine months I was to pitch another 16 times and I was rejected another 16 times, each time getting a little better. And over that time I noticed things started to change.

I started to experiment with different things and throw out what didn't work. I started to dare to weave in some of the things I had learnt as an actor rather than seeing this as an unrelated part of my life.

And finally, nine months later, on the 1st of May 2004, our company became the first in NZ to secure angel investment group backing. On the 21st July 2005 we secured second round financing in 2.5 weeks. By Sept 3rd 2006 our little company called Biomatters had taken its product to the # 1 download on Apple.com worldwide.

By 2007, the death of my father before his time had caused me to realize that life is just too short to ever do something you are not passionate about.

So I set the intention "To find a CEO to run this company who is competent, confident and passionate about this business."

We found the ideal person. And at the time of writing, the company has gone on to win multiple awards, and turns over seven-figure revenues which are increasing rapidly: much of which is online.

There's nothing special about me, but there was something very special about the advice I received from my cousin that caused me to take action where I was ready to throw in the towel. **It's your story, and you are the author.**

I had two choices. I could have packed up and gone back to working for someone else– or I could have taken it on the chin and kept going.

What causes us to succeed in life is not what happens to us, but how we choose to respond after something happens to us.

It's your story.

And you are the author.

What story will you choose?

Your Next Steps

If you haven't already done so, do these three things right now

1. Decide right now to move from hobby-mode to business-mode.

2. Commit to taking care of you, your family, your personal and business relationships, and your business success by forming a life-enhancing "daily practice."

3. Commit to finding the best advisors and mentors you can: the ones who will shave years off the time it takes to make your business a success.

   Because ...

   knowledge is like water: when not used it grows stagnant. When put to work, wonderful things grow.