THE ART OF THE START

The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything

GUY KAWASAKI

GUY KAWASAKI is the managing director of Garage Technology Ventures, an early-stage venture capital firm which assists high-technology companies. Previously, he worked for Apple Computer, Inc. as a software evangelist for the Macintosh and later as an Apple Fellow. Mr. Kawasaki is the author of seven books including *Rule for Revolutionaries*, *How to Drive Your Competition Crazy* and *Selling the Dream*. He is a graduate of Stanford University and UCLA.

The Web site for this book is at www.artofthestart.com.

MAIN IDEA

Starting a business is much more of an art than a step-by-step or a thoroughly predictable process.

To be precise, success in taking an idea and building it into a new business is actually the cumulative result of eleven distinct arts:
1. The Art of Starting – Actually getting out and doing what needs to be done rather than merely thinking about it.
2. The Art of Positioning – Identifying a niche that you can serve and then finding ways to dominate it.
3. The Art of Pitching – Being able to tell your whole story in 10 slides, 20 minutes and thirty-point font.
4. The Art of Writing a Business Plan – Encapsulating your ideas of future greatness in twenty pages of wishful thinking.
5. The Art of Bootstrapping – Being able to think big but get by on less resources than would be ideal.
6. The Art of Recruiting – Attracting the right people defined as those who "get" your idea and are willing to work for stock options.
7. The Art of Raising Capital – Being able to interest others in investing in your idea.
8. The Art of Partnering – Coming up with ways to piggyback on others to increase your own sales.
9. The Art of Branding – Learning how to convert your early customers into evangelists.
10. The Art of Rainmaking – Getting your product out there and then building on whatever viable uses emerge.
11. The Art of Becoming a Mensch – Being willing to help those who have nothing to offer you in return.

To succeed in getting a new business off the ground, you'd better be able to bring all these arts to bear or it's going to be an uphill struggle. The entire process is always much more of an art than an exact science, so enhance your odds of success by building competencies in all of the various arts involved.

"My goal is to help you use your knowledge, love, and determination to create something great without getting bogged down in theory and unnecessary details. My presumption is that your goal is to change the world – not study it. The reality is that 'entrepreneur' is not a job title. It is the state of mind of people who want to alter the future. (It certainly isn't limited to Silicon Valley types seeking venture capital). Great companies. Great divisions. Great schools. Great churches. Great not-for-profits. When it comes to the fundamentals of starting up, they are more alike than they are different. There are many ways to describe the ebb and flow, yin and yang, bubble-blowing and bubble-bursting phases of business cycles. Here's another one: microscopes and telescopes. In the microscope phase, there's a cry for level-headed thinking, a return to fundamentals, and going 'back to basics'. In the telescope phase, entrepreneurs bring the future closer. They dream up 'the next big thing', change the world, and make late-adopters eat their dust. Lots of money is wasted, but some crazy ideas stick, and the world moves forward. The reality is that you need both microscopes and telescopes to achieve success. The problem is that this means gathering information that is spread among hundreds of books, magazines, and conferences. It also means talking to dozens of experts and professionals – if you can get, and afford, an audience. You could spend all your time learning and not doing. And doing, not learning to do, is the essence of entrepreneurship. The key to success is to survive the microscope tasks while bringing the future closer."

– Guy Kawasaki

A Good Idea

The 11 Arts of Taking a Great Idea and Building a Successful Business Around It

A Viable Business

The 11 Arts of the Start 1 — The Art of Starting

Gathering information is useful but ultimately it's what you actually do that counts. To spend more time doing rather than endlessly learning what to do:
1. Decide how you can make a difference.
2. Develop a mantra rather than a mission statement.
3. Get your product into the marketplace.
4. Define your business model – how you'll make money.
5. Compile lists of milestones, assumptions and tasks.

1. *Decide how you can make a difference* – because nobody really knows in advance whether he or she is genuinely cut out to be an entrepreneur. Instead of going through an extensive aptitude test, strike out on your own if:
   • You want to make the world a better place.
   • You want to increase people's quality of life.
   • You want to right a terrible wrong.
   • You want to prevent the end of something laudable.
2. *Develop a mantra rather than a mission statement* – because nobody ever remembers a long winded mission statement. Instead, come up with a mantra everyone will know:
   • "To do something insanely great".
   • "Authentic athletic performance".
   • "Fun family entertainment".
   • "Better than driving".
3. *Get your product into the marketplace* – that is, instead of worrying about writing a business plan, get started. Build a prototype, launch your service business or begin selling version 1 of your product, even if it isn't as good as you'd like. Get into the marketplace and start selling rather than endlessly strategizing about what you'll do in the future. Think big, use your prototype to do your market research and try to do things that will polarize people for and against you.
4. *Define your business model – how you'll make money* – because you won't be able to actually change the world if you're broke. In practice, this will mean:
   • Selecting a niche to focus on initially.
   • Keeping it simple – describe in 10 words or less.
   • Copying what others are already doing to make money.
5. *Compile lists of milestones, assumptions and tasks* – because these will keep you on track and focused.
   - Milestones are the significant steps along the road to long-term success. The timing of achieving your milestones will dictate how rapidly your business will move forward. The seven key milestones are
     1. Prove your concept.
     2. Complete your design specifications.
     3. Finish a prototype.
     4. Raise capital.
     5. Ship a testable version to actual customers.
     6. Ship the final version to paying customers.
     7. Achieve breakeven.
   - By listing the assumptions you've made going in, you can then continuously track these and react quickly if your initial assumptions were misguided or incorrect.
   - A tasks list will help you appreciate the true enormity of what you need to accomplish and ensure nothing important falls between the cracks and is ignored.

The 11 Arts of the Start 2 — The Art of Positioning

Positioning dictates what the heart and soul of the new organization will be in a powerful way that will differentiate the organization clearly and distinctively. Positioning will specify:
1. Why the organization's founders started the business.
2. Why customers should patronize it.
3. Why good people should work for this organization.

Positioning is a fundamental task of the aspiring business builder. It is a practical exercise that allows you to make your firm become relevant to the needs of your customers. Positioning also allows you to differentiate yourself distinctively.

The natural tendency of most entrepreneurs is to aspire to serve the general marketplace. This is unrealistic. All of history's most successful companies have started out serving a niche market first, and then adding one niche after another until they dominate the market. You need to do the same, and therefore your positioning (and also the name of your enterprise) should reflect your specialization.

Good positioning is:

- *Positive* – that is, you exist to serve customers with great products rather than to put some other company out of business. Customers don't care about destroying any evil empires. All they want to know is what you can do for them.
- *Customer-centric* – meaning you help your customers in some practical way rather than to become "the leading company in your field" (which is impossible to prove and of no use to your customers whatsoever).
- *Empowering* – what you do makes the world a better place in one way or another.
- *Self-explanatory* – and practical.
- *Stated in plain English* – rather than in the technical terminology of your industry.
- *Personal* – in that it specifies what you'll do for each customer individually.
- *Distinctive* – it doesn't use the usual generic but meaningless terms like "high-quality", "robust", "easy-to-use" or "fast". Everyone tries to use these already which renders them pointless.
- *Able to be understood by everyone* – especially your receptionists, salespeople, directors, advisors and even your managers.

Some examples of worthwhile positioning statements:

- "We safeguard your communications".
- "We help prevent you from getting melanoma".
- "Our operating system enables you to become more creative and productive".
- "We sell telephone systems that can be set up and operating smoothly in one day guaranteed".
- "We provide a management system that will generate a fivefold improvement in your throughput".
- "We ensure that your children learn to read as early as possible".
- "We provide people with a flying experience that is easier and cheaper than driving themselves".

The 11 Arts of the Start | 3 | The Art of Pitching

To build a business, you'll have to be good at pitching it. In essence, this will come down to four simple rules:
1. Always explain yourself in the first minute.
2. Consistently answer the question: "So what?"
3. Know your audience.
4. Observe the 10/20/30 Rule.

1. *Always explain yourself in the first minute.* Nobody really wants to know your life story. Instead, they want to know what your organization does. Answer that question in the first minute. Once people know that, they can focus better. You need to practice getting to the point right at the outset, and then move on from there to fill in the details. (Try setting a timer for one minute. Then start giving your pitch. Stop when the timer goes off and ask the person what they've understood. Keep practicing until you can get this right).
2. *Consistently answer the question: "So what?"* – because that's what the listener will be thinking. Every time you make a statement, stop and discuss a real-world scenario or example of that feature, your product or service. Inject some "For instance..." type explanations into your pitch and people will get the message what you're talking about has practical and not just theoretical applications.
3. *Know your audience* – and customize your presentation style to meet their preferences. Many potential investors don't like wasting time with small talk, and would rather get right down to business. If you align your presentation with those preferences, naturally your chances of success increase. Do your homework about what attracted them to your idea and what they'd ideally like to get out of the presentation. You can usually find this out by talking with your sponsor or by doing your own research into how they prefer to operate.
4. *Observe the 10/20/30 Rule* – which means to deliver your entire pitch in 10 slides, 20 minutes and using nothing smaller than 30-point text.
   - 10 slides
     The purpose of a pitch is to stimulate enough interest to get the other party to take the next step, not to close a deal. The less slides you use, the better because this enhances the impact of what you're saying.

     The 10 slides you'll typically use are:
     1. Title – name, contact details and what you do.
     2. Problem – the pain you aspire to alleviate.
     3. Solution – what you sell and your value proposition.
     4. Business model – how you make money.
     5. Underlying magic – your competitive advantage.
     6. Marketing and sales – how you'll reach people.
     7. Competition – a realistic view of the marketplace.
     8. Management team – your key players.
     9. Financial projections and key metrics.
     10. Current status, time line, use of funds.

     Your goal here is to communicate "enough" rather than everything you know. For this purpose, "enough" means you get to the next step of the due diligence process, whatever that may be. You can keep back-up slides with more detail if you want, but don't use them.
   - 20 minutes
     While it's true most appointments tend to be for a hour, you should plan on spending 20 minutes talking and 40 minutes answering questions. Everyone is busy, and even with the best of intentions, sometimes all the other party will have available is 20 minutes. If they're genuinely interested, they will be motivated to keep asking questions that will extend your allocated time anyway.
   - 30-point text
     People don't read PowerPoint slides that have large blocks of small text on them. It's too hard. If you're needing to use a small font, you're putting too much detail on the slide. Instead, you should cut everything down until you have a simple statement of one key point in a large font size, and leave it at that.

To further enhance your chances of success when pitching:
- Let one person do all the talking and have the rest of the team provide detailed answers for any questions which relate to their areas of expertise.
- Set the stage will by asking the other party at the outset:
  • "How much of your time may I have?"
  • "What are the three key points you want to know?"
  • "Is it OK to answer questions at the end of my presentation?"
- Don't quote from consulting firms which state the market for your product will be $50 billion within the next four years and that all you'll need do is secure a fraction of that market to be very big. Instead, talk about the size of the market that you will actually address. Or alternatively, invite the listener to do their own maths in their head and come up with their own estimate of the size of your market.
- Every ten or so pitches you make, throw away your presentation and write a new one from scratch. This will allow you to fine-tune and put in what you learn works as you go along.
- Be prepared to give your pitch about 25 times before you become totally familiar and totally comfortable with it. Keep working at it until you get to that stage.

"What your organization does is the anchor, foundation or beachhead – whatever metaphor you want to use – that your audience needs for the pitch to go well. Do everyone a favor: Answer that question in the first minute. Once the audience has learned what you do, they can listen to everything else with a more focused perspective and cut you the slack to indulge in a few digressions. Unfortunately, many entrepreneurs still believe that a pitch is a narrative whose opening chapter must always be autobiographical. From this heartfelt tale, the audience is supposed to divine what business the organization is in and what the product does. Think again. It works in the opposite way: First establish what you do, and the audience can then comprehend, or at least deduce, the particulars of your business. Clear the air at the start of your pitch, and don't let anyone have to guess what you do."

– Guy Kawasaki

"The most exciting phrase to hear in science, the one that heralds new discoveries, is not 'Eureka!' (I found it!) but 'That's funny..."

– Isaac Asimov

"Imagine your audience is at the end of a long day of boring meetings. Often, that's what you'll walk into, so be prepared."

– Guy Kawasaki

The 11 Arts of the Start 4 — The Art of Writing a Business Plan

In most situations, you'll need a business plan. Usually it's the act of writing it that's valuable, rather than the end product itself. Never forget organizations succeed because of what they do, not because of the completeness and quality of their documentation.

Writing a business plan helps everyone get on the same wavelength and generates a cohesive management team. The smart approach, however, is to develop your pitch first and then write your plan as a more detailed version of that pitch rather than the other way around. If you concentrate on getting your pitch right first, the business plan will come together quickly.

When writing your business plan:

- *Focus on your executive summary* – and make this a concise and clear description of the problem you solve, how you solve it, your business model and your underlying magic. The executive summary should be four paragraphs and make compelling reading.
- *Keep your business plan short* – no longer than 20 pages in total. The shorter your business plan, the greater the chances are the right people will read it.
- *Write with a single voice* – rather than reading like a patchwork of cutting and pasting which has come from various people.
- *Keep it simple* – bind your plan with a staple rather than a leather cover. Besides, most investors will ask for a copy in Word or PDF transmitted by e-mail anyway.
- *Simplify your financial projections to two pages* – and focus on the key area of cash flow. Include a list of your key metrics – number of customers, locations, resellers, etc. Usually these metrics will provide a better understanding of your business.
- *Include the assumptions you've made* – so the reader knows how you've arrived at your projections.
- *Realize that circumstances will change* – and therefore make it easy to update your plan as you move forward to reflect and incorporate those changes.

"All the late-night, back-o'-the-envelope, romantic intentions to change the world become tangible and debatable once they're put on paper. Thus, the document itself is not nearly as important as the process that leads to the document. Even if you aren't trying to raise money, you should write one anyway."
– Guy Kawasaki

"Of the effort you put into writing a business plan, 80-percent should go into the executive summary. These are the most important paragraphs of your organization's existence."
– Guy Kawasaki

"There are four ways to make your plan stand out. First, have a credible referral source bring it to the attention of the reader. Second, provide a list of customers the reader can call to discuss how much they need your product or service – or even better, how much they are already using your product or service. Third, ensure the plan is infused with real-world knowledge about and experience with the market. Fourth, include diagrams and graphics to explain complex points."
– Guy Kawasaki

The 11 Arts of the Start 5 — The Art of Bootstrapping

Nobody ever starts business with as much money as they want. That's neither good nor bad, just realistic. Therefore, think big but start small. Focus on the essentials:
1. Pick the right business model.
2. Manage for cash flow, not profitability.
3. Get to market sooner rather than later.
4. Stay in touch with reality.

1. *Pick the right business model* – developed from the bottom up. Rather than looking at getting a fraction of a huge market, build your sales projections from the bottom-up;
   • How many salespeople do you have?
   • How many prospects does each see on the average day?
   • Multiply by 240 working days a year.
   • What percentage of sales will close?
   • What is the average amount of business per sale?
   • Therefore, what are your total revenues?

   Also look at whether you can start as a service business and use the consulting fees generated to fund development of your solution which can then be sold to a bigger market. And be prepared to hire people who want to prove they have the right stuff rather than those with a long track record.
2. *Manage for cash flow, not profitability* – which basically means passing up any sales which would take a long time to collect and stretching out payments for everything you buy as long as possible. Also, try and negotiate everything with your suppliers – their rates, payment schedules, fees and everything else. Pick your battles and fight in those areas where your value is generated.
3. *Get to market sooner rather than later* – with version 1.0 of your product, even if it doesn't have all the bells and whistles you'd like. Ship first and then start working on improving your product. Let your customers help sort out the problems and point the way forward. And be prepared to sell direct to the end user rather than through intermediaries. Resellers and wholesalers won't have much interest until you have proven the size and viability of the market yourself. Position your product against the leader and then isolate your key point of differentiation.
4. *Stay in touch with reality* – get someone on your management team who is unafraid to tell you when something is a bad idea. Get an adult in a key position – chief financial officer, chief operations officer, controller or accountant – and encourage them to interject marketplace realities into everything that's said. Build a board who will help you raise money but also who will motivate you to be doing the right thing rather than the trendy distraction. And under staff your start-up by outsourcing everything that's not a strategic function.

"Establish a culture of execution. Execution is not a one-time event. Nor is it a process where you check off goals as if your sixth grade teacher were looking over your shoulder. Rather, execution is a culture that produces a set of organization-wide habits. The only way to establish this culture is for the CEO to set the right example: answering inquiries, solving problems and promoting people who deliver results."
– Guy Kawasaki

The 11 Arts of the Start 6 – The Art of Recruiting

Recruiting employees to a hot new start-up is actually quite good fun, especially if you're attempting to set the world on fire. It's a reasonably straight-forward task:
1. Focus on hiring "A" players.
2. Don't put too much emphasis on formal education.
3. Don't ignore your intuition.
4. Never stop recruiting.

1. *Focus on hiring "A" players* – that is, the primary role of the CEO is to hire a management team that is better than he or she is. Similarly, every manager should be attempting to recruit employees who are better than them and who have different skill sets. Every organization will need the trailblazers who work 80-hours a week to get going, implementers who can develop a long-term infrastructure and operators who are comfortable maintaining a smooth running organization. Hire people who are better than you and who add diversity in skill sets.
2. *Don't put too much emphasis on formal education* – because sometimes experience in a big organization or formal educational qualifications have little relevance to what you need to get done. It's true you want smart people who can think and act for themselves, but that doesn't necessarily mean people who have degrees. Instead, look for people with the major strengths you need who will be fueled into action on the strength of their enthusiasm. You want people who "get it" – people who passionately believe in your quest to change the world.
3. *Don't ignore your intuition* – especially when a new person looks good on paper but something in the back of your mind makes you feel uneasy. Pick up on that. Ask: "Is there a factual and objective reason for my feelings of unease?" If in doubt, go with your intuition. If you've done your homework on a person but somehow they still don't seem to be a good fit, you may be setting yourself up for a major problem later if you ignore what your intuition is telling you.
4. *Never stop recruiting* – even after a person has started working for your organization. Define an initial employment period of 90-days after which you can hold a review to determine how things are working out for both sides. Develop some performance objectives and evaluate progress regularly, even weekly if possible. Keep the employee's motivation level running high. Be sensitive to the other people in their lives who also need to be sold – their spouse, their friends, maybe even their parents. Do your best to sell these other people on your organization as well. If you've found the right person, it's important to place them in an environment where they can and will excel.

"Don't recruit to make an investor happy. Recruit to build a great organization."
– Guy Kawasaki

"You can't build a reputation on what you're going to do."
– Henry Ford

"I start with the premise the function of leadership is to produce more leaders, not more followers."
– Ralph Nader

The 11 Arts of the Start 7 – The Art of Raising Capital

Raising capital from outside investors is a necessary part of becoming a successful entrepreneur. The keys are:
1. Always start with an introduction investors respect.
2. Whatever else you do, show traction.
3. Disclose everything and clean up your act.
4. If necessary, create an enemy.
5. Understand what you're getting yourself into.
6. Be a little bit original with what you say.

1. *Always start with an introduction investors respect* – tilt the playing field in your favor by beginning the due diligence process with a glowing endorsement from someone influential. This may be a current investor, a professional services firm (lawyer, accountant or PR), another entrepreneur with a good track record or even a university professor. Get out there and connect with someone who can give your project just the right kind of introduction. This greatly enhances your chances of success.
2. *Whatever else you do, show traction* – specifically, show that people are willing to open their wallets and buy your product or service. Whatever else an investor may be looking for (a proven management team or proven technology are usually top of the list), they will respect and take note of sales, pilot sites or contracts to conduct field tests. Give 'em what they want or risk getting lost in the shuffle.
3. *Disclose everything and clean up your act* – and do this early in the process rather than when final terms are being discussed. Get everything on the table right at the outset, including any dirty washing that may be in the past. Be candid about the mistakes you made in your enthusiasm to get moving and investors will respect that. If necessary, take the time and effort to clean up your intellectual property, your capital structure, your management team or any items of regulatory noncompliance before you get back to a potential investor. You also have to be careful to disclose when you've sold stock to close friends or relatives at an unrealistic valuation, or when you've made a grant of stock options to a third party in lieu of payment. All of these kinds of transactions may have been entered into with good reason, but they can look suspicious when an investor is carrying out due diligence at a later time. Head problems off at the pass before they get worse. Present a clean slate so investors can see the project actually moving forward once they come onboard as opposed to spending loads of time and effort addressing yesterday's little hiccups.
4. *If necessary, create an enemy* – another company who is doing the same thing you're proposing to do. If you state you have no competition, sophisticated investors will get worried. They will assume this demonstrates you don't understand the marketplace, or there is no market for what you want to offer. Both of these are bad signs. Your job is to show that you're better than the competition, not that competition doesn't exist. Try developing a comparison chart which lists both the thing you can do that the competition can't as well as the things they do that you can't. Then use this effectively to validate that a market does exist. If you genuinely don't have any competition, keep on expanding your definitions until you can come up with some other entity.

5. *Understand what you're getting yourself into* – because the moment you take outside money, you're obligated to make sure those shareholders get treated right, regardless of the size of their stake. This isn't about losing control of your enterprise, but it's more about acting professionally. Outside investors are good in that sometimes they can open doors and prevent you from making mistakes. They also expect you to act seriously and intelligently. Remember, the goal is actually to build a successful business, not just to get some outside investors.
6. *Be a little bit original with what you say* – because professional investors meet three to five entrepreneurs daily, each of whom assume their firm is at the center of the universe. They hear the same things day after day:
   - "Our sales projections are very conservative".
     Replace with some candor – "We have no real idea how sales will go, but this is our best guess estimate based on some assumptions we'd be happy to explain to you."
   - "Boeing will sign our contract next week".
     Replace with some realism – "We never talk about pending deals until the contract is signed, which could be next week or it might be next year."
   - "These employees will join us as soon as we're funded."
     Replace with openness – "Once funded and moving forward, we will then approach some key people we'd like to get involved and see whether we can agree terms".
   - "Several other investors are already doing due diligence".
     Replace with respect – "We realize that you can easily call some of the other firms we've spoken with and gauge their level of interest in us".
   - "General Motors is too big and slow to be a threat to us."
     Replace with less naive thinking – "We're assuming we will be able to fly under GM's radar in the early days since we'll be addressing a niche market that is too small for them. Long-term, we'd like to explore the potential to form a strategic partnership with GM."
   - "Patents make our business defensible".
     Replace with more realism – "We hope our intellectual property will remain proprietary to us, but we'll just have to wait and see how realistic that is."
   - "All we need is 1-percent of the market".
     Replace with a genuine figure for what your addressable market will be based on the size of your sales force.
   - "We have first-mover advantage".
     How can you prove this? In addition, in many markets, it's the people who come later who make money, not the pioneers. Replace with a statement which verifies you're aware of the challenges that lie ahead.
   - "We have a proven, world-class team".
     Replace with some facts about the backgrounds of your management team rather than using a glib cliche which can be interpreted many different ways. From the investor's perspective, a "proven" record means someone who has created enormous wealth for investors through holding a key position in a highly respected, publicly traded company. If you don't genuinely have someone of that caliber and experience level involved, you'd do better to avoid drawing attention to your lack of street smarts by using throw-away phrases.

The 11 Arts of the Start | 8 | The Art of Partnering

Partnerships are hard work to implement. They only make sense if they will accelerate cash flow, increase revenues or reduce your costs. To get the most out of partnerships:
1. Define deliverables and objectives in detail.
2. Find some internal champions in both organizations.
3. Partner to build strengths, not cover weaknesses.
4. Cut win-win deals, but include an out clause.

---

1. *Define deliverables and objectives in detail* – so that each party can measure the results that arise from the partnership and determine whether it's worth the effort or not. It's too easy for all sorts of vague ideas to float around. Instead, be specific and precise about what you want. You need to lay a good foundation for success.
2. *Find some internal champions in both organizations* – who will keep the partnership moving forward when the inevitable problems crop up. CEOs are too busy, and can't focus on this exclusively. You need someone working on the inside who has the clout to cut across department boundaries and get the right things done.
3. *Partner to build strengths, not cover weaknesses.* That is, instead of thinking "Let's fool the marketplace by covering each other's weaknesses", you should be focused on: "You do this really well. Let us help you do it even better". By working together to enhance a competitive advantage, both organizations can move forward with confidence.
4. *Cut win-win deals, but include an out clause* – since for the partnership to survive long-term, there has to be something in it for everyone. Put together a draft document which details the key points and draft the formal written partnership agreement from that. Bring in lawyers solely to develop the right legal framework for the agreement. Be sure to include a simple out clause along the lines of: "Either party can end this agreement upon thirty days notice". Doing that will send the signal you don't want to trap the other party in an agreement which has unintended consequences. This safety valve will enhance rather than curtail the longevity of the partnership.

"It's much easier to build partnerships with people you already know – or more accurately, with people who already know you."
– Guy Kawasaki

"If you want to make a partnership, sale, or almost any transaction to happen, you've got to push for it. The other party may owe you a phone call or response, but don't just wait for it. Call again. You'll probably have to make 80-percent of the effort to bring something about, so swallow your pride."
– Guy Kawasaki

"The art of good partnering is that it should accelerate cash flow, increase revenue, and reduce costs. Partnerships built on solid business principles like this have a much greater likelihood of succeeding. Once you understand this, a partnership is simply a matter of implementation: making sure the people who do the real work buy into it, finding internal champions, focusing on strengths, cutting win-win deals, waiting for the right moment to bring in lawyers and legal documents, and establishing ways to end the relationship."
– Guy Kawasaki

The 11 Arts of the Start

9 The Art of Branding

Evangelism – the art of converting others to what you have to offer – is the core of branding for start-ups today. To create and sustain a truly great brand:
1. Create something contagious that will enthuse others.
2. Make it easy for people to try before they buy.
3. Ask your customers to spread the word.
4. Build a community around what you have to offer.

1. *Create something contagious that will enthuse others* – because it's cool, more effective than conventional choices, distinctive, disruptive, emotive, deep, indulgent or exceptionally well supported. It's almost impossible to brand me-too products so always base your branding efforts on a noteworthy product.
2. *Make it easy for people to try before they buy* – because by lowering the barriers to adoption, you're making it easier to build your brand. In practical terms, this usually means:
   • Making it useable without having to read a manual.
   • Including a detailed instruction manual with an index.
   • Adding pictures to your user manual.
   • Creating a user interface anyone can understand.
   • Having a reasonable price.
   • Making it easy to convert from other products.
3. *Ask your customers to spread the word* – or in other words, recruit evangelists who want to help you be successful. This will involve:
   • Asking your early customers for help.
   • Focusing on passion, not qualifications.
   • Assigning them tasks and following through.
   • Keeping in touch and providing some tools.
   • Upgrading your product to incorporate their ideas.
   • Giving them stuff – T-shirts, coffee mugs, pens, etc.
4. *Build a community around what you have to offer* – by running conferences and doing things that will foster an esprit de corps among your customers. A good community will provide customer service and technical support to each other embedded within a social experience. What your community does may also be newsworthy in and of itself, creating buzz and free publicity that will drive sales upwards.

"Per dollar, building a community of customers and evangelists is the cheapest method for creating and maintaining a brand, so don't screw up by waiting for a community to form on its own. You should proactively bring one into existence."
– Guy Kawasaki

"The best brands never start out with the intent of building a great brand. They focus on building a great – and profitable – product or service, and an organization that can sustain it."
– Scott Bedbury

"PR firms force you to create a solid branding message; open doors via preexisting relationships with the press, schedule meeting and interviews; provide post-interview feedback; and help you improve your communication skills. PR firms cannot take second-rate products and services and generate endless articles about them; make the company always look good; and prevent the company from ever looking bad."
– Guy Kawasaki

The 11 Arts of the Start

10 The Art of Rainmaking

In the context of a start-up, rainmaking means to get version 1.0 of your product out into the marketplace and see where the product does well. If you're very lucky, some new and unanticipated uses for your product may emerge which will turn out to be major and profitable market segments, so keep your eyes open.

Rainmaking also means to find effective ways to overcome the customer's natural reluctance to try a new product from a small company nobody has ever heard of.

To achieve both these aims:
1. Encourage rather than stifle novel applications.
2. Ignore titles and find the true key influencers.
3. Go after nonconsumers rather than competitor's customers.
4. Make test drives simple.
5. Learn from your customers.
6. Actively manage your rainmaking efforts.

1. *Encourage rather than stifle novel applications* – and then find ways to adjust your business model to take advantage of how customers are actually using your product in real life. If the market is different from that you originally envisaged, remind yourself that doesn't really matter. Instead of worrying, you should be focusing on how to maximize your success in these unexpected markets. Make it easy for customers to experiment.
2. *Ignore titles and find the true key influencers* – because in most organizations, intelligence and technical competence is concentrated more in the middle and bottom than it is at the top. Don't fall into the trap of thinking there is just one predetermined way to generate sales leads, like by using advertising or telemarketing. Instead, you may need face-to-face contact with these key influencers before they will buy something from a new entity. You might generate better results by doing something counterintuitive, like:
   • Running small scale technical seminars.
   • Giving speeches and public addresses in your field.
   • Getting articles published in trade magazines.
   • Networking proactively within your industry.
   • Serving on the boards of industry or trade associations.

   Be especially sensitive to the influence of personal assistants, secretaries and administrative aides. They can make your proposal disappear without trace or jump the cue. Respect their role as gatekeepers by:
   • Understanding they are guarding their boss's time.
   • Not trying to bribe them with token gifts.
   • Having a credible introduction and a solid proposal.
   • Empathizing with them and their frustrations.
   • Never complaining about them to their bosses.
3. *Go after nonconsumers rather than your competitor's customers* – because they will be easier to please, especially if you're enabling them to do something they've never been able to do before. It's usually much easier to get someone to start using something new than it is to get people to switch from what they currently use. With this in mind, find market niches where customers aren't using anything at present and get these people on board. Leave the prestigious or "reference accounts" to others who are trying to maintain the status quo.

4. *Make test drives simple* – by providing a safe, easy, low-cost and low-commitment first step. Don't ask people to revamp their entire operational base to accommodate you. Instead, suggest they initiate a pilot program in one geographic location, in one department, on one project or for a brief time period. Get in the door first and hopefully this will act as a catalyst for more sales. Also make it easy for people to terminate working with you. The existence of a simple exit procedure will actually have the effect of enhancing their confidence to try your service, as well as enabling people to have a positive last experience with your company.
5. *Learn from your customers* – by listening carefully to everything they have to tell you. Often, a customer will give you hints on the best way to sell them, if you'll just pick up on those hints rather than trying to fill every moment with a sales spiel. Learn from any rejections you get:

   • "You're not one of us, so stop trying to be."
   That's fine. Go to another department and sell different benefits instead.

   • "You are incomprehensible".
   Go through your presentation and eliminate all the jargon.

   • "We don't want to change what's working for us."
   That's probably true. Instead, look for competitors of theirs who are feeling pain, and sell them your solution.

   • "You're a solution looking for a problem".
   Keep formulating your value proposition more clearly until you're outside looking in – like a customer.

   • "We're standardizing on your competitor's product".
   You're probably trying to sell to a gatekeeper rather than the end user. Find a way to reach the actual end user and show your product is demonstrably superior.
6. *Actively manage your rainmaking efforts* – and treat rainmaking as an ongoing process rather than a one-time event. To do this:
   - Get everyone involved in rainmaking from the engineers to the sales people.
   - Set goals for specific accounts in terms of sales volumes, when the sales will close, etc. Be proactive.
   - Track your key leading indicators of rainmaking activity – like new product ideas tested, cold calls made, sales leads generated, etc.
   - Recognize true achievement and find tangible ways to reward the rainmakers.

"Many companies freak out when they notice that unintended flowers have started blossoming. They react by trying to reposition their product or service so that the intended customers use it in intended ways. This is downright stupid – on a tactical level, take the money! When flowers are blossoming, your task is to see where they are blossoming and then adjust your business to reflect this information."

– Guy Kawasaki

"If you don't manage the rainmaking process, you'll start with 'Our projections are conservative,' and six months later, you'll be saying, 'Our sales are coming in slower than expected'. There is nothing sadder."

– Guy Kawasaki

The 11 Arts of the Start | 11 | The Art of Becoming a Mensch

A mensch is a Yiddish term for someone who is ethical, decent and admirable. To become a mensch is the highest form of praise you can aspire to, and it requires three actions:
1. Help lots of people.
2. Do what's right.
3. Give something back to society.

---

1. *Help lots of people* – especially those who probably won't be able to help you or repay you anytime soon, if ever. Being good to people is good for your own outlook and generates its own sense of intrinsic happiness. It also allows you to keep your own problems in better perspective.
2. *Do what's right* – or in other words, always take the high road and not the easy road. In business terms this means:
   • Observe the spirit of agreements, not just the letter.
   • Pay for what you get and correct billing errors.
   • Focus on what's important, not just winning.
3. *Give something back to society* – by giving your money, your time, your expertise and your emotional support to others. In short, menschs find happiness by providing others with what they need to succeed. It's a great way to live.

"A mensch does the right thing – not the easy thing, the expedient thing, the money-saving thing, or the I-can-get-away-with-it thing. Right is right, and wrong is wrong. There absolutely are absolutes in life, and menschs heed and exemplify this truth."

– Guy Kawasaki

"When you're feeling invincible, just remember that you could be gone in a slit second, and 'richest person in hospital' or 'richest person in the cemetery' are lousy positioning statements."

– Guy Kawasaki

"The true measure of a man is how he treats someone who can do him absolutely no good."

– Samuel Johnson

"The key concept is that a mensch pays back – that is, for goodness already received – as opposed to pays forward in expectation of return."

– Guy Kawasaki

"I have never thought of writing for reputation and honor. What I have in my heart must come out; that is the reason why I compose."

– Ludwig van Beethoven

"The truth is that no one really knows if he or she is an entrepreneur until he or she becomes one – and sometimes not even then. There really is only one question you should ask before starting any new venture: "Do I want to make meaning?" Meaning is not about money, power or prestige. It's not even about creating a fun place to work. The causation of great organizations is the desire to make meaning. Having that desire doesn't guarantee you'll succeed, but it does mean that if you fail, at least you failed doing something worthwhile."

– Guy Kawasaki