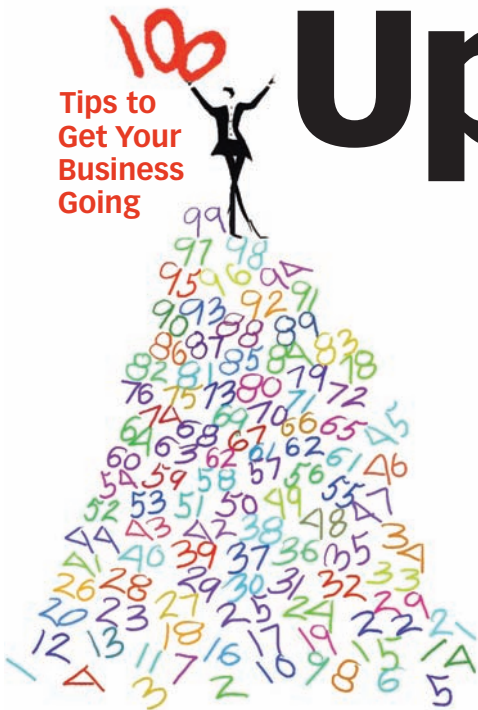


Start Up

Tips to
Get Your
Business
Going



By G.L. Hoffman, *Serial Entrepreneur*

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100 Tips to Get
Your Business Going

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10300 Valley View Road | Suite 101 | Eden Prairie, MN 55344

Email: info@startup100tips.com

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Art by Leo Posillico, leoposillico.com.

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Introduction

Like you, I read a lot of business books. Even though I enjoy them, I find that I take away only a few ideas from each one. And the more impatient I get (I was going to say “older”), I find I have less time to sort out the meaningful from meaningless. I tried to do that with StartUp.

At talks, I am typically asked for the “Top 3 or 5 Things You Have Learned After Doing StartUps?” The question has always made me smile because there are things I have learned every single day, far more than 3 or 5. Some were expensive lessons in that they cost either time or money because I didn’t know the right answer at the right time. Others were obvious lessons that I had forgotten. Still others were so counter-intuitive that only by experiencing a startup first-hand can one learn it.

I thought you might be able to profit by reading these 100 ideas or tips or lessons that I have learned as an entrepreneur. A quick word about the format: It is a collection of brief, to-the-point blurbs. Read one or many, and in any order.

– G.L. Hoffman

1. Know what you are good at.

Chances are you are very good at one thing. You will be successful if you can get yourself in position to use your one thing more often. It is not a problem if you are not good in every facet of your business. It is more important that you realize that others can do what you cannot.

2. Storytellers needed.

Ever since Eve told Adam the story about the apple and the serpent, we have paid attention to storytellers. We listen better and learn more when we hear stories. Develop this skill and win. There are certain skills in great storytelling. Learn them.



3. Can you sell dog food to your own dogs?

This is one of those things that most startup people know and do instinctively. They know, and so should you, that the first group you need to sell on your idea, are the people inside the company. Too often, we tend to forget that every employee needs to believe. You can never miss an opportunity to re-sell them. I am not sure how this metaphor originated but it is an especially graphic one, basically meaning that you would not think that one would have to “sell” dog food to hungry dogs... but, for a fact, you must.



4. Trust instincts, but drop bad ideas fast.

If I don't believe in my own ideas strongly, how will we actually find the RIGHT one? I don't care if I am a universe of one, I trust myself more than some unengaged focus group. And so should you. And, I never guaranteed that I would have only good ideas anyway.



5. Talk to your competitors, don't run from them.

This may be a bit counter-intuitive and it might not work well in your industry, granted. Talk to them at trade shows, conferences, even on the phone...don't talk strategy or tactics, talk about the industry in general. You can learn a lot by talking to someone who is confronting the same issues. One never knows what you might learn.



7. Don't blame others.

Remember when mom told you about pointing at others, that three fingers were actually pointing back at YOU? What this meant to me, was that if something went wrong in a department or company, chances are it was my fault, my error. Knowing this has made me less likely to blame others, my challenge has been to do what I can to eliminate my own mistakes. Firing people is especially difficult because we know it was not their fault, typically.



8. If you feel inadequate in a certain discipline, hire it.

None of us can be good in every single area of a business. If you are not especially good at accounting, hire someone that is very solid and strong in that area. No one will fault you if you are not the best in that area, they will fault you if you try to BS your way through these issues. Your job is all about building a team to execute a well defined plan. After raising startup money...that is it.



9. Be friendly but not so much.

This is touchy advice and actually hard to pull off, especially with employees who are more skilled and older than you. I believe it is one thing to be nice, friendly even, and quite another to hang with them, and drink beer all day on Saturday. Your call. Your perceived friendliness will be an issue with someone not in the group. You want to be over-the-top fair with everyone.



10. Is there an enemy?

I would much rather have a company to compete against, a competitive enemy, than not. It makes your life so much simpler – all you have to do is make yours better, faster, cheaper. Everyone knows when you have reached success. When we started Varitronics, our basic mission was to put Kroy out of business. In a few years, we forced them from their monopolist perch to near bankruptcy. In short, we won. We started to flounder after that mission was accomplished because we needed another one.

11. Get excited about the little things.

A lot of the incremental improvements in a new company are fairly small and seemingly insignificant. The entrepreneur needs to be able to get satisfaction out of these daily little achievements. They intuitively know that little things done well add up to a successful bigger event, a launch of a new software release, for example.

12. Speed reading will save you.

These days one needs to be able to read reports, white papers, newspapers, magazines, business literature and even blogs. If you are a reader that still sub-vocalizes each word, you just won't be able to keep up. I think the will to read and the ability to read fast is paramount to your success.



13. A must-read entrepreneur reading list for you.

No list can start without *Atlas Shrugged*, by Ayn Rand. Next to the Bible, this was the book that most business leaders of the last fifty years have said influenced them the most. Reading this book will add to the fire in your belly. Next, *Solution Selling*. Out of the 2,328 books on selling, this book is by far the best. It breaks apart each step of the sales process so almost anyone can understand how to make more sales, the absolute KEY in any start up. The second best sales book? *Conceptual Selling*. The third book is *Emotional IQ* by Daniel Goleman. I think creating a startup environment is as much to do with the culture and getting people to do things than anything else. Goleman helps the reader understand how critical managing your emotions can be in this process.

14. Get comfortable asking for advice and help.

Although there are plenty of people who have created successful businesses on their own, most need help. They bring the basic skills and passion, but learning from others is absolutely paramount. If you are someone who knows everything, good luck. Seriously, good luck. There are many, many friendly resources that are willing to help you get up and going. You just need to find them, and ask for their help and advice. These folks LOVE and WANT to help you. Some are, most likely, already inside your company.



15. Present your startup or biz development idea to anyone who will listen.

And even to those who won't. Startups do not reward security and safety. If you are hesitant about exposing your idea to others, you won't be able to expose it to prospects, customers and investors. Don't expect constant support either. Most people will say something like, "Yeah, that sounds good. You should do it." What you are looking for are those few who ask good questions or who challenge your thinking process and research.

16. Get really, really good at concisely stating your business idea.

A lot of entrepreneurs fail in this area. It is important because you will need to communicate this to prospects, investors and new employees. What I have kept in my mind is one internal question as I have started expounding on some idea: What will he say to Hilda at home later about my idea? Or, as a great friend used to say over and over again, “If it is fuzzy in the pulpit, it is really fuzzy in the pews.”



17. Find a metaphor that works for your business idea.

It will just help you identify your business to others. Are you the FEDEX of dog products? The Amazon of doll clothes? The Heath brothers have written a very clever little book called *Make It Stick*, which develops this theme more completely.

18. It is about leadership, not management.

If you have not led people yet in your career, even though it is not a prerequisite for success, you should work to get this experience. Basically, it is all about getting people to line up behind your ideas, embracing your vision as if it were their own and getting people to do things. That might sound manipulative...getting people to do things for you. It is just the opposite of being manipulative, it is more about giving up things, than controlling them. I believe there is ONE consistent trait of good leaders, which I will discuss later in this list. You can learn from the masters. This is where your ability to read will make all the difference. What is OUT THERE, are books from historical leaders that tell you exactly how to be a better leader. One thing you can do now, is to become a leader. Whether at home with your kids, by coaching or by volunteering. I think some of our best leaders got started by coaching kids' teams. Getting the kid whose idea of a baseball game is a pile of dirt and a stick know when to tag up on third base is true leadership. Or, watch the best leadership movie ever, "Twelve O'Clock High."

19. Love your prospects.

This is different and more specific than the axiom of “Be Passionate.” This was really brought home to me several years ago, when I attended a new company investor presentation. After the very professional presentation, the co-founder was asked in a small, friendly group of people, if he had always believed in this approach. (The company was in the self-help space.) He said, “No, I don’t believe in it, but it looks like a wide open market.” If you are approaching the business from a purely economic standpoint, you might be able to make it work. All I am saying is it makes it all more fun and believable if you love the prospects and customers. Warren Buffet owns Dairy Queen and I’d bet you a marshmallow Blizzard that Warren loves DQ ice cream. One thing he would not say is, “Americans should not eat ice cream.”

20. **Build your team.**

Everyone knows building a team is critical. Here are some little things you might not know. Hiring a big-company-experienced-only person because of their industry skill is very, very risky. It seems to me that every big-company person wants to be in a smaller company. Frankly, it is condescending. What they don't want is exposure to a one-deep work environment. Just make sure they have worked for another company AFTER IBM or General Mills. Next, try to meet the spouse. I am not a big proponent of going out to play bridge or socializing if you don't want to, but I do think it is critical to assess whether the spouse is going to be tough and supportive enough. Next, if they can describe how doing their job will impact the customer, that is a great sign. Further don't hire any assholes. I want loyalty to the "cause" no matter what. These few sentences do not do this topic justice, but you get the idea.

21. What pain are you fixing?

Every new business must fix something for someone. It might be an inefficiency or a lack of a necessary feature. In my first company, Scott Drill and I fixed only one problem and it wasn't even associated with the better product that we had developed. The problem we fixed, or the opportunity that we took advantage of, was that the dealer network was being ignored by the acknowledged monopolist, Kroy. These dealers were upset, worried about their futures and angry about Kroy's new distribution method which was in direct conflict with them. When we presented our product to this angry sales network and pledged our constant focus, it was exactly what they needed and wanted to hear. Our product was better, but if we had not solved this real problem for the dealers, they would not have supported us or sold our product. Every new company needs a pain to fix. Varitronics, now part of WH Brady, was built on this concept.

22. Can you handle pressure?

One thing you can depend upon is the amount of pressure you will be under. Some pressure might be self-imposed, most will be from external sources. Sales people will want something easier to sell, investors want faster progress, others want more or less of this and that, and constantly. How you handle these pressures will go a long way to determine your success. Someone told me a long time ago, that my only job was “to make the comfortable, uncomfortable, and the uncomfortable, comfortable.” I think that pretty much sums up the new company leader’s most critical assignment.



23. Get good at motivating yourself.

During tough times, can you do it? It is easy to motivate yourself when all is well; much harder, when it is fourth down and time is running out. Be self-aware enough to understand this ability or capability in yourself. Find something that seems to work constantly, a self-talking mechanism that allows you to keep on keeping on. I can remember someone coming into my office one day, and asking “if something was wrong, if we were in trouble?” When I answered no, and wondered why he had asked, he said, “Well, we have noticed how serious you have been and not smiling, so we assumed something was wrong.” Even the appearance of a motivated leader is crucial. So, what specific tips can I give to help with this self motivation? I think there are many different techniques from reading quotes and motivational stories to keeping it all in perspective. You are different than me in this regard. I have a unique ability to be just dumb enough to think that “this too will pass,” and act accordingly. Notice that I said ACT. You should develop your own triggers.

24. **Detail vs. general.**

Successful entrepreneurs know how to move from one skill or attitude to the other. The trick, it seems to me, is an ability to wander back and forth, and to pick your spots. If you tend to be detail oriented to the extreme, be prepared to make every decision in this detailed area. I know someone who has to approve literally every transaction for pricing consistency. His team knows this and the unspoken message is that no one else can be trusted with knowing how important pricing can be in their business. Alternatively, I know someone who is so removed from the day to day operations, that he doesn't even attend company events, like Christmas parties, whatever. Both are successful. Both know the traits they have and have built organizations that have adapted to this reality. What they are, is consistent. In my own case, I don't like meetings. I am pretty sure this is fairly well known about me. If, all of the sudden, I were to start calling meetings right and left, people would wonder what happened to me. Or worse...they would ask themselves the most dreaded thing that can be said of an entrepreneur: "I wonder what book he just read to make him change his behavior so much."

25. Be an active good listener.

OK, so you are in charge. Soon you will begin to hear only those things that your people want you to hear. People are awfully smart about what the boss needs or wants to hear. Your job is to develop a bullshit meter, a sort of internal device that will keep you steady and assured. From time to time, it is alright to let others know that your BS detection ability is operating. If you don't, the BS just keeps getting deeper and deeper. I had a boss once who, when he felt the BS was flowing fast and furiously, would simply raise his arm and say, "Everyone, save your watches...it's getting deep in here." We all laughed but we knew that he knew.



26. Don't get all big-headed.

One of the character traits of most entrepreneurs is a well-developed self-assuredness. Never let this cockiness develop into a situation where you begin to believe your own press releases. I have seen this happen all too often. It has happened to me. In my own case, I have noticed that when I have had a positive story written about one of my companies. I generally get too much of the credit and it makes me change somehow. My head gets a little bigger, I am not quite as hungry. My solution now is not to be involved in such PR efforts. In my own case, there is a direct connection to my picture being in an article and my own big-headedness. Now, some people love this and have milked this attention to the betterment of their business. I understand that.



27. Pioneers get the arrows in their back.

I think it is far better to be second with a differentiated product than having to educate and build a market. Sure, both are possible. An early business hero of mine, Mike Vance, told me (and 300 others) that you can create something special by thinking up a new idea OR by re-arranging old things in new ways. Steve Jobs didn't invent MP-3 players, he made old ones better. There is success in looking at old offerings and improving them.

28. TiVo ability.

As well we all know, TiVo is that device, the first DVR television attachment, that allows us to record and fast forward through television programs. It helps us avoid commercials. You should have a similar ability to focus on the future...even to see what it might bring you. You will be required to help others TiVo their own work, so they can see how their work will eventually contribute to the overall success.

29. Delayed gratification is necessary.

Stretch your arms out and hold a figurative rope. One hand is pulling on it and the other hand is holding the bell. Some people need the bell to ring at the same time as the rope is being pulled. Others don't. Often, there is a significant time delay between pulling the rope and hearing the bell ring in a new company. This is true whether you are investing in sales training or a new product. It is surely true when you are thinking up your own exit from the business. Things take time.

30. Sales are number one, two and three on the priority list.

You should plan on spending most of your time worrying and working on your sales efforts. Nothing else matters much. A sale happens when someone pays you for your service or product. Don't get too excited if the marketing focus group says everyone will buy one. Get excited when someone pays for it.

31. To sell many, sell one.

To build your company, you have to sell multiples. You can't just sell one. Anyone can sell ONE. The trick is to sell a lot, right? Sure. But before you can sell many, you have to sell that one single customer so that he is excited and pleased to have your product or service. This is why when you talk to venture capital investors, they are obnoxiously insistent on waiting until someone buys something from your company. Everything else is classroom.



32. Family support, are they with you completely?

Some family members love the idea of being associated with a successful entrepreneur. No one questions that. But some family members will not share your dedication and persistence, not to mention focus. The last thing you would need is someone back home who questions every move, every decision, every investment. This is not to say that your family members have to be all stupidly supportive. It is especially powerful if you get good advice, support and an unwavering belief in YOU.



33. Do you know what scalable means?

This is a relatively new business topic for an old business process. What this means is that you should try to develop processes in the business that can be easily duplicated and replicated. It is one thing to sell your product to one person, quite another to figure out how this sale was made so that you can make the next sale more efficiently. Success often hinges on your ability to continue to do the correct things faster and better that result in some tangible success.

34. **Ready, aim, fire.**

Back when Beowulf was in the forest, he used his trusty old slingshot to attack his enemies, kill squirrels and impress the maidens. Chances are he didn't aim all that much. What he did was just let 'er fly. If the rock fell short, he adjusted so the next time he got closer, and closer the next time. Same thing in a new startup or business area. The situation favors action over planning. It really should be ready-fire-adjust. One of my favorite cartoons is the one with the two buzzards sitting in the tree waiting for the man to die from thirst... "Patience, hell," says one to the other, "I want to eat something."

35. Your sales people don't work for you.

The sooner you realize that all good sales people work, truly, for the customers and not for you, you will understand more about sales people than 90% of all non-sales people.

36. Sales trumps all.

Sales will mask a lot of internal problems. Or, said another way...sales mean you can live to fight another day, and buys you time to fix and solve internal problems...which are sure to come.

37. Just stay in business.

Too many new companies flame out, just like the after-burner on some supersonic jet. The pilot kicks in the after-burner for an added jolt of power, but once it happens, that's it, no more power. If you can just continue your new business, first year to the second year, then to the third year...chances are great that you will make it. Do whatever it takes to make it to that third year. Don't flame out.

38. People sign up for vision, fun and principle.

Getting people to work for your new company will be difficult. You have nothing to offer. You can't offer great benefits, a brag-at-the-parties company reputation, or even middle market salaries. What you can offer is something no other company can match – vision—meaning you are out to solve some big, hairy problem that your prospects are facing each and every day. You can offer fun; mostly because every day will be something new and interesting. Lastly, you must offer adherence to principles. Treat everyone fairly. Be transparent and be honest.

39. Can you ignore little things?

I knew we were well on our way to a good culture when one of our reps brought in his dog to work. He didn't ask.



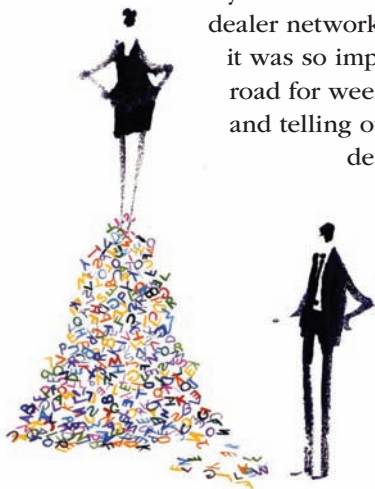
40. Incremental improvements almost always win.

Too often we think we must improve in a dramatic fashion. All it really takes is consistent, small, incremental improvements in your new, developing business. Try to do one thing better each day.

41. Are you OK with being in charge?

At the end of the day, in your new developing company, you are it. It makes no difference how complete your team or even how good it is, or how well you are doing. You are in charge, everyone looks to you. You need to figure out THE key success factor in your business and get all consumed by

it. In Varitronics, our key success factor early in the business was getting our dealer network signed up. I thought it was so important, that I hit the road for weeks at a time, meeting and telling our story to potential dealers. Your consuming focus might be to get financing. This top line focus is your responsibility.



42. **Be ready for luck.**

Nothing irritates me more than someone saying how lucky we have been in our new companies, implying pure happenstance. It really isn't about being lucky, but it does involve being receptive to those moments where the stars line up to your benefit. When the Twins played in the 87 World Series, we were fortunate enough to get a bunch of tickets for our employees. I had a big sign made up, congratulating the Twins from our company. I asked some of our warehouse guys to get to the game early to get this big sign-poster up along the right field foul pole. They did. The next day our phone rang off the hook because our dealers were thrilled our sign was on TV as the announcers went to a commercial break. I guess we were just lucky.

43. Dream globally, think locally.

Sure, it is way fun to think about serving customers in every state and foreign country. You should think about your business in regional or international terms. Just be aware that your best and earliest customers will come from your hometown.

44. Break your business down to a few key metrics.

Far too many business plans say something like... “By only achieving 5% market share, we will be dominant in our industry.” Ok, maybe that is true. Figure out a replicable, repeatable sales formula. Quick simple example: Let’s say you send your customers a direct mail letter selling your small item. For every 100 you mail out, your costs including postage will be approximately \$1 each. If you assume a 2% response (you have to keep this very practical and honest), two people will buy. So, you have invested \$100 to get two customers. How much is each customer worth to you? We used to have a program we called “mail ten, call ten.” Every day, our reps would mail ten new prospects and then call ten that had been mailed. It always worked. Nowadays, modern company leaders have access to a dashboard that is updated daily or even hourly. Know your metrics.

45. On average, your people are not average.

This is a simple fact. If you were to ask for a vote and ask your people if they think they are performing below average, average or above average, most would believe they are above average. Your job is to be able to honestly assess their performance and to positively bring them up to their own perceived level. But keep in mind, each person is unique, special and has very different skills, and talents. Use them wisely.

46. Assume waste.

And a built-in bias in your people toward doing less work. This is not being cynical, just realistic. You should understand that all of us waste time at work. Even more, there are many of us who, because of upbringing or whatever, have a tendency to avoid work. You can pay a lot of people to not do the work. I think you have to be very upfront with your employees and let them know you expect them to work. If you are blessed with a natural style that allows you to do this without pissing them totally off...more power to you.

47. Are customers always right?

No, they aren't. In fact, some are unreasonable and even not profitable for you as business. Realize this fast. I am not saying you want to mistreat customers, far from it. But if a bad customer is negatively impacting you, your top performers and the business in general...fire them.

48. Get more than 50% of your people totally engaged in the business.

If you have fewer than 50 employees your goal should be to get 50% of them...that is all you need... to be passionate and engaged in the business.

By this I mean, if over half of your people think about your business after they leave work and are always thinking up new approaches, new solutions, if true, then you are winning and winning big.

That is awesome because most companies have an engagement factor of closer to 20%.

49. Suggestion boxes suck.

I know there are a lot of management gurus who recommend having suggestions boxes spread around a business, to generate improvement ideas. If you need a box to generate such response, some other communication process needs fixing. If you ask for suggestions, you have to react to each and every one. Odds are, some won't be do-able. Now you have a negative moment in your company. You have to tell the person that no, we are not getting a trampoline for those who need an afternoon break. (An actual suggestion for me, once)



50. Formal performance reviews are de-motivating.

One of your biggest challenges in a start up environment is keeping the motivation high. Remember what it is like—no prospect knows your company (yet), the pay isn't all that great, you are working your people hard—all requires the utmost in motivational ability on your part. I was in the Air Force and like all military and large organizations, the AF had a very well thought out and detailed performance review system. They had teams of people being trained on it, how to give effective performance reviews and so on. It was documented ten ways to Sunday. It still sucked and it was basically a fast way to un-motivate people. I know HR people will have all this justification for formal reviews. Maybe they are needed once you get several hundred people. Insist your managers discuss performance on a daily or weekly basis with their people. They have the right to know how they are doing. Why make them wait for some artificial performance review deadline.

51. Find a lead dog.

It is absolutely imperative that you find and nurture a top performing sales person. If you don't have such a leader, high level goals are really hard to achieve. Always keep your eyes out for this sales leader. He will help you in many, many ways.

52. Put people in positions where they can be successful.

Get to know the individuals and allow for difference. Helping them find success is now your job, not their mom and dad's. You must figure out what position or tools they need to do the job you are demanding of them.

53. Know the lyrics, but understand the tune.

Business schools are very good at giving you the background and knowledge to deal with many business issues. What they are not good at is helping you know what to do when someone has an issue with drugs or alcohol. What do you do? What is your responsibility? What about trust? How long do you stay with a key guy who is not performing? What is the tune here? Can you hear it?

54. Never talk down, talk up.

Disrespect shows up in small, insignificant ways. Your people can smell disrespect like bad gouda. Listen harder and talk less. Use “and” more than you use “but.”



55. Don't dominate meetings.

This is incredibly easy to do; after all, you probably know more about the topic than anyone else if only because you have been thinking on it 24-7. If you dominate discussions, just expect to be in this position time and time again. Your job is to build a business, NOT your own self worth.



56. Learn how to brainstorm.

Every startup does plenty of brainstorming and you should be not only good at it yourself, but have an ability to make others good at it as well. We all have heard the usual brainstorming “rules”: 1. Don’t allow criticism of ideas, 2. Quantity over quality, 3. Encourage wild, even dumb ideas, and 4. Hitchhike on others’ ideas. Here are some more ideas that will help:

- A. Have fun, laugh a lot.
- B. Stay on topic.
- C. Realize that some people will not be comfortable speaking out.
- D. Acknowledge people’s ideas verbally and by their name.
- E. Brainstorm alone, first.
- F. Do not dominate the session yourself, talk less.
- G. It’s a real skill to facilitate a good brainstorming session, learn by practicing.
- H. Not all brainstorming sessions are called that, most just happen.
- I. Think about the five senses constantly and how they impact the topic.
- J. Be one of the first to present a really terrible, stupid idea, then laugh about it.
- K. Don’t give rewards or bonuses for good ideas—it will stifle future sessions.

57. Be accessible and approachable.

Things happen so fast in the startup, that you must simply be there. This means in your office and where people are working.

58. Model the behavior you require.

If you demand certain things, do those things yourself, better to a higher degree. This means getting to work on time, and so forth. I thought this one was too obvious to include, but alas...it is not.

59. Try not to use your own personal sales as the model for your sales team.

It is ok to sell, sure. But if you want to build others up to sell, be aware that you will own your customers forever, no one will want to jump in and serve the boss's customers. Plus be aware that you bring different skills to the sales presentation than the rep can bring. You might be friendly with a

decision maker or owner, for example, a luxury your 25-year-old rep might not enjoy.



60. Can you recognize the top five problems in most sales departments?

This is generalizing and your own organization may have different issues, but here are five that I have seen over and over again:

- A. Lack of energy and excitement. For something to be sold, someone had best be excited about it, and your people can't control themselves. Get them excited about your company and product.
- B. Product training is not sales training. Today, most sales training is really product training. If they are great at describing your product's features and benefits, but are not closing deals, it is the training.
- C. Too much talking, not enough listening. Most good sales people are great listeners. Do your sales people have lists of open ended questions to use?
- D. Alignment issues. It is like going to the doctor with a sore throat and saying you have a sore throat and having him start writing a prescription, "because you are the tenth person today who has that symptom." You still want to be examined, right? Same thing with a prospect, just because your sales person has seen the situation before, and believes your solution is best...he still needs to develop the process with the prospect.
- E. Ask for the order. By far, the most common problem in any sales force.

61. Focus on the big picture but don't allow ANY typos.

This is a very touchy area, because you should be able to see the business from a 40,000 foot level, but if you are always up there, small mistakes happen that will undermine your credibility and professionalism. For example, I am particularly picky on any materials in print about our company. My most common “catch” is the comma or period and quotation marks. They go “here.” Not “here”.

62. No matter your benefits budget, it is the gift-giving thought that counts.

One time after a particularly good year, we announced a huge (for us) contribution into the company 401k plan, hundreds of thousands of dollars. Which got a polite response from the Christmas party crowd. But then, we gave each employee a watch with our logo on its face. People said it was the best gift they had ever gotten from a company. There are tons of books on this subject—Bob Nelson has made a career out of this topic alone. His book *1001 Ways to Reward Employees* is good, but you can think up ten of your own ideas as you drive in to work tomorrow.



63. Communicate with your stakeholders often.

I don't care if your only stakeholders are family members, communicate with them frequently and regularly. If you have investor type stakeholders, this is a requirement. Far too often, we tend to forget our supporters. Let them know how you are doing, the good and the bad. They want to help you. There is nothing more fun than helping someone get started in a new business. By not communicating with them, you are robbing them of their biggest reason for supporting you and others like you. It does not have to be a big fancy shareholder letter, either. At JobDig, we write a monthly one-page, tongue-in-cheek, funny yet accurate newsletter that we send out to our stakeholders.

64. **Join clubs...or not.**

I know some advise new business owners to join the Chambers of Commerce and groups like Rotary and Lions. I know this works for a lot of people. I happen not to be a joiner...I know it would probably help me reach out, get to know more people, etc., but it is not ME. The point here is that you have to be true to yourself, no matter what the advice. If you cannot do it and feel good or comfortable doing it, don't. The world is full of quiet, behind the scenes, unknown entrepreneurs building great businesses.

65. Better to be OCD than ADD.

We have all worked for, around or under bosses who had bad cases of ADD, Attention Deficit Disorder. They can be so random that many cannot follow their train of logic or directions. How about those Vikings? If you are to have a disorder, it would be best to have OCD, obsessive-compulsive disorder. In fact it may help you, word is. I have not yet met a successful entrepreneur that wasn't compulsive about something. Have you? Have you? I mean, really, have you? The worst boss, according to comedian Dennis Miller, is one who is both ADD and OCD. He moves from project to project, whatever gets his attention...but then he gets really focused on it, until the next project comes along.

67. People who say they can raise money for your startup usually can't.

I don't care how smart, connected or rich their friends, this almost always does not work. This is your job. Talk to them, yes, but never stop raising money your own self.

68. When you are forming the business, do it the simplest way possible.

If you are raising money from outside investors, use common stock, not preferred. Use an attorney to get the paperwork done correctly. There are no shortcuts to this, a necessary, but saving requirement.

69. Explore every possible sales channel.

One of your jobs is to understand how your industry takes products to the market. Basically, there are two methods—direct channels, meaning you sell directly to the customer; or indirect, meaning your customer is a dealer, distributor or agent who, in turn, sells your product to his customer. You can sell via both channels but it is more complicated and requires product differentiation, perhaps, and a keen awareness of pricing issues. When we started Insignia, we didn't know which channel would work for our new sign maker for retailers. We literally tried and tested several channels (dealers, independent reps, private label accounts) before deciding to focus on direct sales, over the telephone.

70. Be wary of consultants, headhunters and every other outsider who wants to “advise” you.

I have paid for this lesson a LOT. At Insignia, I was seeking outside venture capital after investing a lot, for me, in the product development. I knew better, but when the potential new investor said they would only invest after their market research firm did a complete study, I said yes. The market research study cost us about \$20,000 to complete and yes, you guessed it, they recommended that the venture firm pass on our opportunity. Like I had any choice at that point. We HAD to make it work.



71. Do not do any advertising or promotion that is image related.

Make your advertising pay its own way, with measurable results. It is not about image or some advertising awards, it is about generating leads that turn into sales.

72. Test and roll, test and roll.

This is a slight variation on the ready-fire-adjust theme but an important one. Break down almost any offer or product launch to a smaller, focused and measurable size. If you want to be the best asphalt paving company in the metro area, try your new business in one small suburb before you undertake a metro-wide ad campaign. Test a few variables to make your offer the best possible.

73. Never hire a quitter back.

Chances are, people will leave your company. No one is irreplaceable, it happens. But if they resign, do not hire them back into the company. It is very, very tempting to do so. After all, you are a great person, and they made a mistake (they will tell you) in resigning, what have you. If you do, you have just signaled that your company has a safety net, and more people will leave to test the employment waters. Let it be known if they leave, that is ok, but they are not on the team now or in the future. The ONLY exception would be for Peace Corps volunteers or people who join the National Guard.

74. Assume goodwill; but audit, measure and lock the doors.

I really believe in the inherent goodness of most people. This is true of your employees, customers and any other stakeholder you might have in your new business. In other words, don't go out looking for trouble where none exists. At the same time, realize that nothing gets improved until it gets measured. Only then can you understand if you got the result you needed...without concrete measurement devices, you are running a hobby business. Lastly, lock the doors. I loved my kids, but I still checked the liquor cabinet.

75. It takes 4x the money and 4x the time.

Twenty years ago, they used to say twice the money and twice the time to get almost anything done in a new company. Now, for me at least, it is closer to four times both. And that is starting with a start date and money amount that was developed with some experience. It is so easy to underestimate both. Build your plans around this four times rule, and you just might have enough of both left at the end.

76. If your customers have to change their behavior, prepare for a struggle.

People are extremely resistant to changing their behavior. Can it be done? Sure. Keep asking yourself if there is a way to make their current behavior simpler, faster and cheaper—that is much, much better. I have a friend who started up a home delivery grocery business. The business invested tens of millions in systems, warehouse and customer acquisition strategies. Even though it is still operating, enticing the grocery shopper away from bricks and mortar to online has proven more expensive than planned. And, their value proposition is very compelling too. It is like the HR manager one of our reps talked to not long ago. “The daily newspaper just doesn’t work for us at all, any more, ” the HR manager said, “but we are still using them.” When our rep asked why, she said, “well, my boss won’t approve any other media.”

77. No one will like change, except you.

If you are starting to be successful in your new business, be prepared to cope with the newfound lack of flexibility in your team that will drive you nuts. You must always be on the lookout for new ways of doing things, of new products to add, and new customers. You might be the only one truly comfortable with ambiguity. Recognize this fact, and tolerate this resistance. Think of it not so much as a governor on your own creativity, but as voices of reason and carefulness. You are all about growth. Hey, mean well. Just don't let them start patting you on the head like old Uncle Curly who has Alzheimer's.

78. No one cares as much about it as you do.

Your new company will consume you and even most of your employees. Realize that most other people will not have heard about or even care that you have a brand new widget. Your big dilemma about increasing prices?...they won't even recognize it or care. As one old curmudgeon told me once, "We are nothing but pimples on the ass of progress." I got the message.

79. You can't stop certain activities, even sales, once inertia and momentum are working for you.

Every year at Varitronics, we would introduce a new product that we thought would kill our last one. Most of the time, it never did. People just kept selling and buying the older products. Once the train starts going down the track, it is hard to announce a big change, so don't expect immediate implementation. However, never ever announce a product before you are completely ready and it is deliverable. Sales people excel at selling products that they cannot deliver. It is much easier to sell blue sky than something tangible.

80. Be gender, color, and politically blind.

More than a legal requirement, it will make your business better. I extend that to politics, too. You simply cannot win taking one side or the other. To me, this means no political meetings, bumper stickers on cubicles and so forth. After all, I hate YOUR candidate, and all pretenses of goodwill and logic fly out the window. Don't subject your workforce to your political leanings...or your customers, either.



81. Have an under-promise, over-deliver mentality.

It is one thing to have the over-the-top positive attitude, which every stakeholder and employee will love, but quite another thing to make promises you cannot keep. Be positive. As Steve Jobs said, “Great companies ship.”

82. Handle bad news internally.

There is nothing worse than seeing a business leader relate bad general news to people inside his company. I am NOT saying be stupidly positive and not realistic. What I am saying is that if your market is experiencing some tough times, work extra hard at making your product line or service offer better. If you participate in any pity-party that might be going on in your company, you have lost. I don't care what the subject is, your job is to never-ever give up and never-ever admit a negative. Your people need to believe that no matter what the danger, you are going to lead them to the promised land.



83. Worry is the misuse of your imagination.

Your job is to find another way around the barn...if this way is blocked, you need to find another way. It is not good enough to simply worry. Anyone can “worry” – your job is take that negative emotion and solve the problem.

84. No procrastination in business matters.

A startup requires fast action and faster decisions. Larger companies can allow problems to evolve, even mature, before someone takes action. Startups cannot. One simple way to determine if you are dealing with a startup mentality is: this person will not wait for a return phone call, he will simply keep calling and leaving messages. This may not be an endearing trait, but it is a consistent one of most entrepreneurs.

85. An internal voice that keeps saying, "Why not do it this way?"

Or some variation of the same question. It does not matter if you are out eating or at a ball game, the startup person is always thinking of new ways of doing things. Tony Christianson of Cherry Tree Ventures used to have a drawer full of business ideas, actually concepts that needed "starting." Most of the time, the ideas come from impatience or unhappiness about a current product or service.

86. Tested under fire and managed ok.

David Pomije of FuncoLand used to recommend that entrepreneurs go through bankruptcy at least once. You don't have to go out and avoid debts by declaring bankruptcy, there are other ways. I have a good friend who had his own investing company and got several of his friends into a questionable investment. When it exploded, instead of avoiding his friends and rationalizing it away with a cavalier "they had the offering documents like I did," he knuckled down and paid them all back out of his own pocket. If he called me today and said he needed a loan to start up a new business, I would send him some money, no questions asked. Also, the entrepreneurs who have been members of higher level sports teams have experienced tough times, of being behind, and have had to perform at higher levels than they thought possible.

87. Worry less about the big competitors and more about the guy in the garage.

The typical new entrepreneur is overly concerned about what General Motors will do about his new anti-litter device that attaches to the backseat. I actually experienced this almost exactly. A guy had developed a molded mini-trash can of sorts that would attach cleverly inside a Lexus. His question of me? How could he protect his idea from Toyota, the parent company of Lexus. Now I am sure this must happen, but I have not seen it. Most of the time, the large company will completely discount and disregard your offerings. When Scott and I started Varitronics, Kroy Inc. really discounted our offering, even made fun of us personally. This is more common than you would think—so don't worry about the big guys, worry more about the guy just like you, with a slightly bigger garage.

88. Be thinking about barriers to entry, not products.

Every product can be designed better: Fact. Just because you have the best product today, does not mean you will have it tomorrow. Someone will make it look better, work faster or cost less. If you are in software, this might take just weeks. You can create a significant barrier to others who want to enter your niche or space, by thinking of every part of the business process as something that can be improved. In JobDig, for example, we can create our weekly newspapers, each unique with dozens and dozens of graphically perfect display ads, in a few hours. The problem we solved was how to scale the graphic design function without having dozens of graphic designers on the payroll waiting for Friday afternoon closings. This ability is a significant barrier.

89. How to stay motivated all day.

This is harder than it sounds. This is like performing on stage, with two shows daily. Your apparent self confidence and attitude will work wonders on associates, staff and stakeholders. They feed off this confidence and attitude to help you create the business.



90. **Sunshine pump.**

Let's say you are having a bad day and a friend calls you. He is obviously down about something, almost depressed. One, can you hear it in his voice and two, by simply talking to him over the phone, can you make his day brighter?

91. **Business math in reverse.**

Good startup people can walk through Costco, or a car dealership or listen to a highly paid business consultant and figure out the metrics, or the math, behind the economics of the products or services being sold. They know what a direct sales effort costs, and even know what the going rate is for a poor, mediocre or stellar sales rep. They know the margins required for indirect distribution and can calculate quickly what each level in the distribution chain must pay or cost. This back-of-the-envelope calculation is often the beginning stages of a new company, because it exposes an opportunity.

92. A builder, not a maker, nor operator.

Creating a new business where none existed before is a unique skill. I don't care if you built it by being the best inventor or maker, or even if you happened to be the best manager of a certain function. If you built it, even if you started from another discipline... you built something new from scratch, from zero. Before you came along, there was nothing. You may have made it or operated it...but mostly you built it. I know a young woman who is building her own cookie company. She is literally the cookie maker and the operator of the tools, mixing machines and so forth, but she is building a business.

93. Grounded in experiences, developed in practice.

Successful entrepreneurs have all sorts of experiences. Bill Gates came from a rich family and dropped out of Harvard. Michael Dell was a college student, Ray Kroc was a middle-age, malted machine salesman. The point is, everyone has some experiences that help get you prepared. I was in the Air Force, and when I knew I wanted to leave, I asked my friend Marge Setter what I needed to do in order to be better prepared. She suggested I find a direct sales company and join it. I did. I learned how to build a team of other business owners selling products. I learned how to sell others on joining my team as well as selling products. There is nothing quite like the experience of buying products, storing them in your garage and learning how to sell them. For those of you who have this experience of HAVING to sell “stuff” by the end of the month in order to pay rent, you will know exactly how it feels to make payroll every two weeks. Same thing.

94. Screw security.

If you are all about safety, benefits protection, fast cars and big cigars, you might not have the real, down-deep confidence it might take to be the leader of a startup. Actually, I am not sure it is confidence or stupidity—what it is, is a belief that no matter what, at the end of the day, you can figure it out, and make it all happen.

95. **Understanding the Law of Requisite Variety.**

This is a law described by cybernetician Ross Ashby which perfectly describes the creative entrepreneur. Basically, the law says that in any system (company, department, meeting), all things being equal, the individual with the widest range of responses (the most ideas) will control the system. To me, this means that the gift or trick is in promoting plenty of ideas, fast and furiously. The process is quantity first, then quality. Lots of people can sift and sort ideas, criticizing and developing. Your job is to get the most ideas on the table, from you or others.

96. High energy.

This may be a work ethic mentality or a caffeine-induced edginess. I cannot recall one entrepreneur who appears sluggish or lethargic. What's even more apparent is that they are NOT energy suckers, but energy creators.



97. Quick studies.

This can be very irritating to others, but these people hear the first sentence and generally understand the paragraph. They quickly get concepts, and are moving immediately past the product feature discussion to how it will get sold and supported... and improved upon. They get bored easily.

98. Engaging personality.

Do people like you? Here is a test: tell someone about your life so far, where you grew up, went to school, and so forth. Does your personal story engage them? Are they laughing, nodding their head, actively listening? The point is – you can tell. If your story isn't engaging to them, you aren't. It is not the story, it is you. Learn to tell it better. This is the first thing you should learn how to do.

99. Honesty.

They are honest to a fault, if that could possibly be true. They tell bad news often and believably, but to the right audience. They are honest with themselves and certainly others. They will often not tolerate dishonesty in any form. Don't lie to them.



100. Humorous.

I saved the best and most critical for last. Startups are full of pressure, and the release mechanism is humor. These people are quick-witted, sometimes profane, and love to laugh with people. They will say the most inappropriate things and at the exact wrong moment. People are not sure if they are crazy like a fox or simply crazy.

10 Things You Can Do Now

1. Do something you have not done before.

It is hard to get comfortable with doing any new thing if you have trouble trying and accomplishing a new task. Memorize a long poem, learn to strum a few chords on the guitar, run a mile.

2. Read entrepreneur biographies.

Read about Carnegie and Ford, Edison and Rockefeller. This is motivational as well as instructional.

3. Find small problems.

What are the “nits” that hinder an activity in your department or company? Run a brainstorming session with the goal being to SOLVE THIS SMALL PROBLEM with your team.

4. Celebrate the result.

Make it a big deal. Find something positive in each person's contribution. Your goal should be to pass the torch of creative problem solving to as many people as possible.

5. Erase your hidden agenda.

Don't worry so much about your own activities, ideas, successes. Stimulate others. Stimulating others will stimulate you in new, exciting ways.

6. Keep a file of ideas.

Write the problems down on paper and your solution. Keep at it.

7. Learn to sell.

Buy into a very low cost, simple direct sales company and sell its products part-time.

8. Do "something."

Take your best idea, figure out how to get it started, and begin. Try your very best, don't give up. Most people talk about wanting to start a new business, you have now done it. You are ahead of 99% of the others, whether this first one was successful or not.

9. Burn the boats.

When Cortez landed in the New World, he ordered his boats burned so that everyone knew they had to make it in this new dangerous area. You know what this means.

10. In the face of failure, stay positive.

Nothing helps generate more solutions to upcoming problems than your never ending supply of optimism and goodwill.

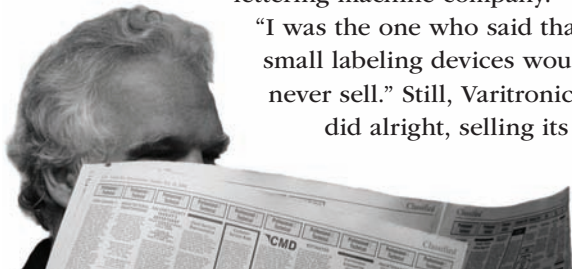
About the Author

GL's parents didn't love him enough to give him a whole name he says. It wasn't until he learned his alphabet on the Kansas farm where he was raised that he realized his name wasn't "Get Wood!" "In college, my friends called me "Snack Bar," so I have answered pretty much to everything and anything."

His first entrepreneurial opportunity came when a banker friend asked if he was interested in buying a bankrupt motorcycle shop. He bought the inventory of crated up dirt bikes, promptly hired a friend to put them together, and sold them all for his first profitable venture. He then bought a Corvette.

He moved to Minneapolis, and co-founded a lettering machine company.

"I was the one who said that small labeling devices would never sell." Still, Varitronics did alright, selling its



lettering machines to architects and engineers, even going public. With his winnings, he started another company that also went public, Insignia Systems.

“I had a goal to retire at 50, but soon realized that what I love is starting companies,” he says. Soon a venture capitalist brought him JobDig, which now has a broad range of products in the employment space, including LinkUp.com, the best job search engine available today. “I am excited about what the team is building,” he says. “LinkUp is a job searching tool that helps job seekers find jobs, but only off company websites.”

GL likes to mentor young entrepreneurs and is almost always incubating new ideas.

He is currently chairman of LinkUp.com, the fastest growing job search engine. He sometimes writes for US NEWS and World Report and FastCompany on entrepreneurship as well as careers. His popular blog is WhatWouldDadSay.com, and he can be followed on Twitter (@GLHoffman).

About the Illustrator

Leo Posillico was born in New York and studied at the School of Visual Arts in New York City. In the mid-1970's he created his signature character, the elongated figure that is central in a lot of his work. The figure is raceless and becomes animated because of Leo's quick precise brush strokes that convey the basic human emotions, as well as the humorous and serious side in all of us.

His "Word" Series is an ongoing exploration of our everyday communication, of what we say to each other, of what we think, as well as the actions and reactions of our behavior. The series reminds us all to speak and listen with good intentions.



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– Guy Kawasaki

G.L. Hoffman is a serial entrepreneur and venture investor, operator, incubator, and a mentor. Two of his companies have traveled the entire success path from the garage to IPO. He has been featured in Forbes, FastCompany, the Wall Street Journal and other local business publications and newspapers.



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