

10 Rules Successful Startups Should Follow

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Having launched over 35 startups in our decade of operation, we've been fortunate to be involved with our share of 'unicorns' (Palo Alto Networks, Nimble Storage) and really nice white stallions (Sumo Logic, Trifacta and Snowflake Computing). Given the wide range of companies we've worked with — and their equally wide range of success/failure — we're often asked to sum up the characteristics of a successful startup. So here goes.

1. No assholes allowed

Following in the footsteps of business giants like Warren Buffet's Berkshire Hathaway, all startups should adopt a "no assholes" policy to build a stellar team. Here's a list of companies that have adopted the rule. This is a great group that every startup should strive to join. (If you don't agree with this rule, you might be the asshole in question.)

2. Study the competition, then steal from them

Most startups have myopia — they're focused only on their own product/technology and the immediate road ahead. But others have traveled that road already — otherwise there wouldn't be a 'market' — so we tell our clients to not only learn from their competitors' failures but their successes, as well. So study the competition to understand their messaging, keywords, content plan and customer acquisition strategy. And we're not above borrowing and modifying a good idea someone else invented.

3. Value diversity to build a better team

Most of our startups are laudably diverse — ethnically. Gender-wise, not so much. The data shows that teams that include women are more successful. Build a great team by hiring "diversity" early. That means hiring professionals who bring different backgrounds and ways of thinking and, yes, that means hiring women into the mix early so it's really part of the DNA of your startup.

4. Done is good

With plenty of time and money, a startup team can shoot for excellence. Tweaking deliverables can be indulged. But that practice never works in the long run because a growing startup never has enough time or resources. In other words, it's quantity, not quality that is going to be the name of the game. A productive team needs to set their goal and hit it but abandon their pursuit of that last 2 percent of 'excellence'.

5. Every launch slips twice

We may have invented this rule of thumb after launching hundreds of products over decades of working at corporate tech giants. We don't exactly know why it's true, but it is. Whether it's a delay in securing vital customer validation or a delay in the overhaul of the UI or a monkey patch gone wrong, startups need to assume that their launch date will slip. A savvy startup team will therefore plan critical dependencies (like the timing of a fundraising round or ramping their hiring) with a careful eye on the timing of launch.

6. Fire employees faster

Every startup makes hiring mistakes. Sometimes, it's a good person who just got hired too early; sometimes it's just a bad fit that made it through the interview process. Remember, you're a nimble startup. It doesn't matter why you made a mistake. It matters that you fix it. The sooner your mis-hire is gone from the building, the sooner the rest of your team can acknowledge and recover from the mistake and move on.

7. Build your culture, but don't obsess about it

Free donuts, lunchtime neck massages, and dogs at work – these perks are interesting window dressings for a startup. But in the long run, this is the stuff of the startup-of-the-month. It's eye candy. It all sounds good in an interview, but only do them if they're genuinely a part of your own values and the company DNA that you aspire to. State your goals, then let your office manager work on instituting them so that you can focus on the business.

8. SWOT yourself and post it for the rest of the company

We always ask the management team of our startup clients to do a self-analysis using the tried and true "SWOT" paradigm of strengths, weaknesses, opportunities and threats. The exercise usually sifts out interesting gaps in strategy identified by selected members. The SWOT process may be 50 years old, but it works because the process of exploring each gap helps unify priorities across the entire

management team. Rather than file away the results of that SWOT examination, we recommend that startup teams post the results for the entire team to consume.

9. For outside help, work only with principals

When your startup outsources marketing hires like web design, photography, writing, UI design – use principals only. In other words, don't hire a big-name firm for your early-stage startup and expect to work with the people with their name on the door. You'll end up working with the junior players — and you don't have the bandwidth or time to mentor or train them. Hire only small, expert firms where you can demand to work with the principals.

10. Test everything

Startup marketing is all about experimentation and educated guesses. It's also about constant iteration. Everything from product pricing to the color of the free download button on your website can be tried, tested and changed based upon feedback. Don't tell others you're experimenting; that sounds indecisive. Say you're running a pilot; it sounds better.

Carol Broadbent and Tom Hogan are the founders and principals of Crowded Ocean, a Silicon Valley marketing agency that has launched over 35 startups, with 10 of those companies being either acquired or going public.