

# “You Might be an Entrepreneur If...”



## *Survival Guide for Entrepreneurs in Training*

**Client Success Group, Inc**

[www.clientsuccessgroup.com](http://www.clientsuccessgroup.com)

*Company launch – market entry, expansion and revenue growth strategies -  
compelling messaging aligned to key buyers -  
sales process development – sales force improvement*

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## Top 75+

### **Author's Comments**

*I admit it. I have a passion for the Entrepreneur and start-ups in general. The creativity and energy required to bring a new idea to market never fails to excite me. It's an exceptional challenge and an amazing journey. It starts with a concept, usually followed with a "that's kinda crazy, where'd you get that idea?" from your friends and family. There's your first test! The true entrepreneur becomes more excited; more determined than ever to push forward. If this is you; read on. I think you'll find this information is an extremely helpful tool as you start your own journey as an entrepreneur.*

*To these Entrepreneurs, I dedicate this effort. My company has 9 years of experience helping start-ups and emerging growth companies launch or enter new markets. Prior to this venture, my background includes another 21 years of start-ups or start-up organizations within large companies. .*

*Entrepreneurs need practical guidance – from the field. You can take theory and "Top 10" reasons why companies fail only so far. Apparently, I'm not alone; every week there's a question or two on the internet asking, "Does anyone have a list of the major reasons for start-up failure?"*

*So, some basic needs are not getting met. And unlike lists found on the internet, this is organized by the stage and function of your initiatives and your company's life cycles stages; i.e. concept through launch. .*

*Thus, this is my approach to improving the odds for your success. An ongoing field guide updated monthly with information fresh from our ongoing engagements with Entrepreneurs and Start-up companies just like yours – delivered in the form of a workbook.*

*And to keep this effort current and relevant, I've decided to offer a monthly update service where a relevant article will be sent to those who take an annual subscription.*

*Your cost for this timely and relevant information is \$149 for an annual subscription with 12 updates, provided monthly. In addition, a major revision to this document will be provided quarterly. The cost is more of a donation to be honest, and intended only to cover my costs. Please contact me at [bezell@clientsuccessgroup.com](mailto:bezell@clientsuccessgroup.com) if you're interested to learn more or to subscribe.*

*As an entrepreneur with a passion for small business, I hope you'll make this modest investment in your future - it is filled with our experience reflecting timeless and timely advice based on real our real-world experiences gathered from over 35 engagements with start-ups since 2002. In most every case, we guided the entrepreneur through the process of turning their concept into a business. Our past clients include companies from high-tech to no-tech, from Dubai to Des Moines, Johannesburg to San Francisco and Paris to Boston.*

*We look forward to having you join with us.*

*Bill Ezell  
CEO, Founder  
Client Success Group, Inc  
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## Entrepreneur Readiness

1. **You start your business for the wrong reasons.**  
Want to be wealthy, spend more time with your family or be your own boss? Think again. You want to start a business because you see a tough problem you believe you can solve, an un-served market, or an opportunity to bring something truly disruptive or unique to market that will forever change the way something is done. Simple or complex, it doesn't matter; you're driven by your passion to succeed.
2. **Lack of managerial ability or experience:** An entrepreneur doesn't know or understand the important skills it takes to run a business.
3. **You are the key to your own success:** For the business to succeed; you must succeed at every level. For many successful business owners, failure was never an option. Did you know that most self-made millionaires are of average intelligence? It's their drive, passion and fearless work ethic that set them apart.
4. **Business plan poorly written or absent:** Even if you do not anticipate funding, the business plan is for your benefit and a required roadmap.
5. **Single Founder:** Have you ever noticed how few successful startups were founded by just one person? Even companies you think of as having one founder, like Oracle, usually turn out to have more.

What's wrong with having one founder? Maybe no one else sees the opportunity but more than likely its one simple reason: it's too hard for one person. Even if you had 8-9 different skills sets required prepare and launch your company, you need collaboration and brainstorming and help when things go wrong. This is important. Low points are really low and people need support. With multiple founders, you have a team for collaboration and feedback required to course correct. There's a combined attitude of succeeding, of not letting each other down. This is very powerful. If you must go solo, have an Advisory Board.

6. **Willingness to Course-Correct:** Test, test and re-test. Anticipate the worst. Challenge something that's working.
7. **Dysfunctional Management:** First, your team must share a common passion of your vision and buy into it. Bringing people on board that sort of get it are toxic – six months later they become disruptive and insistent on basic change. They challenge everything including the very assumptions for your business. Have plenty of collaborators, outside partners, advisors and employees onboard. But resist moving your management team to officers or equity ownership positions until they are proven to be in sync with your vision and business plan. You need contributors, not disruptors.
8. **Demand Collaboration and a Team Environment:** A successful manager is a leader with proven experience as such. They foster a healthy work climate and encourage productivity through people. A good leader is also skilled at strategic thinking, able to make a vision a reality, and able to confront change, make transitions, and envision new possibilities for the future.

Remember this, "A" people hire "A" people. "B" people hire "C" people. This is your company. Demand greatness and reward your team for their hard work.

9. **Poor Investor Management:** For those seeking funding, you must have a plan as to how you will engage with them. They are there to help you, but you have to drive the relationship. This is your job.

## Test Yourself

“The very essence of leadership is that you have a vision. It’s got to be a vision you articulate clearly and forcefully on every occasion. You can’t blow an uncertain trumpet.” – *Father Theodore Hesburgh (former President of the University of Notre Dame)*.

A powerful vision provides inspiration, challenge, and purpose. It gives meaning to your work and purpose to your business. Your business gives you a place where you can satisfy your need to achieve. Everyone’s life needs a purpose, something important to strive for. One way to add both meaning and context to your vision is to establish values. Clearly defined values simplify decision making. They also help ensure consistency as well as ethical and behavioral congruency.

Entrepreneurs are optimistic about their ideas and are willing to make great sacrifices to make it happen. Often, however, founders forget or neglect to realize that until the project is generating revenue sufficient to pay the bills – including market value salaries, the idea is not viable and in fact, is a failing business.

What exacerbates this is that most founders are great innovators and terrible at sales, marketing and financial forecasting. In our experience this is a result of either an unclear understanding of how to create an economically viable enterprise or insufficient experience on the sales/revenue side, or both.

In this workshop, we’ll focus a great deal on the revenue generation process. Let’s get started...

⇒ **Key Points to Remember:** *Turning your vision into an executable business plan that generates sustaining revenue requires 100% dedication, focus. Be willing to challenge and test your model, changing course when necessary. Are you an Entrepreneur? Take these tests to find out...*

## The Journey Begins

According to Bureau of the Census produced for the Office of Advocacy of the U.S. Small Business Administration, of the 100 business started in 1992, only 29 are still in business today. This is a failure rate of 71% in a ten year period.

Data for hi-tech start-ups is harder to quantify but according to the Washington Technology Partners, Inc;

- Only 1 in 6,000,000 high-technology business ideas wind-up in an IPO;
- Less than one percent of business plans received by venture capitalists get funded;
- Founder CEOs typically own less than 4 percent of their high tech companies after an IPO;
- 60 percent of high tech companies that are funded by VCs go bankrupt; and
- Most high tech companies that succeed in having an IPO take between
- Three and five years to get there.

⇒ **Key Points to Remember:** *An entrepreneur is driven by vision and passion. But how about execution? Statistically, this is where Start-ups fail. This workshop examines the critical skills needed to succeed in all areas and provides tools, tips and processes to address these areas.*

## Are you an Entrepreneur?

⇒ **Passion** is required to become a successful entrepreneur. *“You never achieve success unless you like what you are doing.” – Dale Carnegie*

- ⇒ **Opportunity** By definition, entrepreneurs constantly seek opportunity. Everything, even failure, is an opportunity.
- ⇒ **Improve, Innovate, Invent** You're not a baker and don't know the business. You walk into a bakery, see something, and think, "I can do this better." This creates opportunity.
- ⇒ **Beyond the Paycheck** Work is your passion, your dream. Not that you're a workaholic, work is simply rewarding; you want it to mean something more than 'just a job.'
- ⇒ **Dreaming vs Day Dreaming** You're a realist but always seem to be a bit ahead of the day to day. You see the bigger picture. You view the day to day as steps to move the ball forward.
- ⇒ **Willingness to take risks** Beyond seeing an opportunity and the ability to improve upon it you have clearly assessed the risks required to move forward and succeed.
- ⇒ **Problems really are opportunities** Your ego doesn't preclude you from relentless learning. You don't duck, you jump in to learn and contribute wherever you can.
- ⇒ **Vision and Strategy** Your vision may fuel your venture, but your strategy is required to execute. You have to think far ahead, anticipate challenges and are willing to change course.
- ⇒ **You are a Builder** You like to create things for others.
- ⇒ **Control** You are likely to take the off ramp when everyone is on the freeway. You question traditional ways of doing things, seeking opportunity.

## Entrepreneur Stages

Stage	Tests	Impact	Audience
Conviction	<ul style="list-style-type: none"> <li>- Self assessment</li> </ul>	<ul style="list-style-type: none"> <li>- Quality of life, sacrifices, risks and rewards</li> </ul>	<ul style="list-style-type: none"> <li>- Yourself</li> </ul>
Idea	<ul style="list-style-type: none"> <li>- Passion, commitment and expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Focus, socialization</li> </ul>	<ul style="list-style-type: none"> <li>- Feedback from trusted people</li> </ul>
Concept	<ul style="list-style-type: none"> <li>- Market Opportunity</li> <li>- Vision mapped to unique value proposition</li> <li>- Is this a sustainable business or a great idea?</li> </ul>	<ul style="list-style-type: none"> <li>- Prototype</li> <li>- Protection of IP</li> </ul>	<ul style="list-style-type: none"> <li>- Research (Market, Competitive)</li> <li>- Potential Early Adopters</li> </ul>
Venture	<ul style="list-style-type: none"> <li>- Business plan</li> <li>- Organizational experience</li> <li>- Value proposition, messaging</li> <li>- Market entry</li> </ul>	<ul style="list-style-type: none"> <li>- Investments/funding efforts</li> <li>- Capital preservation</li> </ul>	<ul style="list-style-type: none"> <li>- Industry watchers</li> <li>- Partners</li> <li>- Network</li> <li>- Market Research</li> </ul>
Business	<ul style="list-style-type: none"> <li>- Early Adopter</li> <li>- Market &amp; buyer validation (business value received)</li> </ul>	<ul style="list-style-type: none"> <li>- Cash management</li> </ul>	<ul style="list-style-type: none"> <li>- Early Adopters</li> <li>- Employees</li> <li>- Investors</li> </ul>

Stage	Tests	Impact	Audience
Sustainable Business	- Momentum defined as penetration of target segment(s)	- Investment	- Customers - Partners - Analysts

⇒ **Stage 1: Conviction** is the entrepreneur’s first step. Do it now, don’t wait until the venture stage; it will lead to grave problems. This is the time to decide if you have what it takes. (See attributes above)

No matter the stage of the business when an individual begins his/her entrepreneurial journey, every entrepreneur must address his/her conviction to be an entrepreneur. This sounds trivial, but I believe it is the most important step in the process. It SHOULD be the first step; however, many entrepreneurs wait until the VENTURE stage to address it. This can lead to grave problems. In the CONVICTION stage, an entrepreneur needs to figure out if he/she has the conviction to withstand the fundamental issues of entrepreneurship.

<b>Key: Self Assessment</b>
<ul style="list-style-type: none"> <li>- You are willing to make significantly less money than your earnings potential</li> <li>- You are willing to spend less time with family</li> <li>- You are willing to lose money provided by family and friends</li> <li>- You have considered the odds of failure and have the ability to course correct</li> </ul>

<b>Key: Talk to Your Spouse</b>
<ul style="list-style-type: none"> <li>- Understand the willingness and level of sacrifices your spouse is willing to make</li> <li>- Set and define acceptable time frames; set milestones for review and discussions of extensions, if applicable. Your family comes first.</li> </ul>

<b>Key: Have Financial Staying Power</b>
<p><b>Myth</b></p> <ol style="list-style-type: none"> <li>1. You will run your business in your spare time</li> <li>2. You will raise money from friend and family or angels</li> <li>3. You will start generating revenue soon</li> </ol> <p><b>But, Statistically Speaking</b></p> <ol style="list-style-type: none"> <li>1. You will run your business in your spare time</li> <li>2. Raising money from angels, venture capitalists or banks is not typical. Also, most investors would require the entrepreneur to contribute their own capital</li> <li>3. It will take 5, 10 even 20 times longer to raise revenue than you currently believe</li> </ol>

- ⇒ **Stage 2: Idea** – This stage is characterized as the most fun and playful. And it comes with no structure required and no cost to play. But beware; your entire business is built on your idea so it deserves your full attention and seriousness.

**Key Points: *Passion, Belief and Research***

- Even at this early stage, you must be truly committed to your idea.
- Your enthusiasm drives the enthusiasm of others but keep it in check. Focus intently on your ability to sustain subsequent stages of your venture.

**Key Points: *Seriously Evaluate Your Ability to Execute Your Idea***

- Now is the time to assess your ability to execute.
- Find entrepreneurs with more experience; those who have passed this stage and ask them for their advice.
- Execution means diverse skills and experience. Think about the skills and experience you need on your team.

**Do not confuse a ‘Contributor’ for a ‘Partner’**

- Be careful about making someone a partner. This is a marriage complete with all stress and responsibilities and even more difficult to get out of.
- This is the *idea* stage, your idea. Everyone will have their two cents, but this is *your* vision. Concentrate on taking your vision to concept.
- Avoid partners in this stage

- ⇒ **Stage 3: Concept**

The CONCEPT stage is where the real work begins. This is when you start to do more extensive research on the viability of the idea. This research should address both the general market and your businesses strategic positioning within that market. There are many different types of research that you may perform; however, I would suggest that you start with two well-known frameworks to guide you:

The *concept phase* is characterized by structure where you stress test your idea. Here are a few concepts we’re going to explain in greater detail in this workshop:

- Often, great ideas are looking for a market; this is backwards. Your *idea* should be based on an observed need or opportunity.
- Develop your business *plan*. What is the opportunity? Market? Addressable market? Barriers to entry? We’ll talk about this in later chapters.
- Company readiness; organizational experience.
- Unique business value proposition; ability to identify optimum markets and high value clients

In this stage you should spend as little money as possible. This does not mean you spend NO money. However, the initial exuberance can often lead to unnecessary spending on things such as market research and development of prototypes. At this stage, you do not yet know if you have a



viable business idea.

**Find Advisors**

In this stage you'll stress test your consider adding Advisors to your team who can help you stress test your concept in these critical areas: Market viability, business, company readiness and your overall value propositions.

**Funding**

Don't expect to get funded... Most entrepreneurs get frustrated and give up in this stage because they wrongly believe that the CONCEPT stage is the period during which they will receive their first investment. Most often, this is not the case. A concept is simply a well-developed idea. Most investors look for more than a concept before making an investment. Typically, the earliest investments occur in the Venture stage, after the entrepreneur has begun investing his/her own resources in the business. The rare entrepreneur that gets funded in the CONCEPT stage has usually demonstrated success by building successful ventures in a similar market.

Description of Roadmap
The Concept stage is characterized by structure. In this stage, you take your idea and begin to employ the intellectual and business rigor outlined below

⇒ **Stage Four: Venture**

This is the most challenging stage of the business and for many entrepreneurs the most fun...well at least in the beginning. The VENTURE stage is characterized by significant investment. This investment typically comes in two forms: money and time. In most cases, as the entrepreneur, it is "your" money and "your" time; and those can often be significant.

Description of Roadmap
Venture...
<p>Legal structure.... The first step in setting up a business is figuring out what type of legal structure you want. You should consult both your lawyer and accountant before making this decision. There are several options which include:</p> <ul style="list-style-type: none"> <li>- Sole Proprietorship</li> <li>- General Partnership</li> <li>- Limited Partnership (LP) &amp; Limited Liability Partnership (LLP)</li> <li>- Corporation (C <a href="#">more...</a>)</li> </ul>

Description of Roadmap
<p>The longer you wait to sign these documents, the greater the chance that you will have significant difficulty with your partners. These documents layout the fundamentals of corporate governance and the rights of the common securities.</p> <p>The documents should include the a detailed discussion of the following:</p> <ul style="list-style-type: none"> <li>- board composition</li> <li>- voting rights</li> </ul>
<p>FOCUS is critically important in the VENTURE stage. Senior management should have very targeted and measurable short term goals. Typically at this stage there are options to go in many different directions with the product or service. However, you run the risk of spreading your resources too thin and confusing your customer if you try to do too much too e <a href="#">more...</a></p>
<p>It is important that you begin to formalize team member roles at this stage. This will enable you to maximize your management resources and identify where the gaps in your team. You also need to determine the decision making process. How will big decisions get made? Who in the organization will be the ultimate decision maker?</p>
<p>The VENTURE stage is typically where the entrepreneur makes a meaningful investment. This investment may come in the form of money and/or time. Just like in the CONCEPT stage, there is a misperception that the VENTURE stage is the period in which the entrepreneur gets funded. I mean, they don't call it "Venture Capital" for nothing.</p>
<p>Protect Your Intellectual Property</p>
<p>The venture stage is when you should make the investment in protecting your intellectual property. This is includes: patents, copyrights and trademarks. The patent process is fairly long and expensive. You also have a discreet period of time after the process or product is publicly released to patent it. Trademarks are a little trickier. Trademarks are <a href="#">more...</a></p>

### ⇒ Phase 5: Business

The BUSINESS stage is where all entrepreneurs strive to be. This is the stage where you have revenues that are commensurate with your expenses. Of course, there may be unprofitable months or years, but in general, the business can support itself with little outside capital. This is the stage where you are most likely to find investors.

Description of Roadmap
<p>Business...</p>
<p>In the business stage you may need to re-evaluate your team. The same team that took you from the VENTURE stage to the BUSINESS stage may not be the same team that gets you from the BUSINESS stage to the SUSTAINABLE BUSINESS stage. Different skill sets are required to manage the organization as it grows and the business becomes more mature.</p>

Description of Roadmap
At this stage you start evaluating growth in a different way. You don't need to build everything yourself. You start to consider acquisition as a viable growth options. Once again, this requires different competencies within the organization.
The best thing about the BUSINESS stage is that the financing options are much more plentiful. You may be able to finance growth through internal cash flow. In addition, you may have access to more traditional bank lending and private and public equity markets.
While in the VENTURE stage you try to institutionalize culture. In the BUSINESS stage you start to institutionalize systems. As the business becomes larger and more complex, it is important that you have consistency in processes that drive the organization.
Succession Planning
In order for a reach the SUSTAINABLE BUSINESS stage, the business must be able to survive the founder. This requires succession planning at the CEO / founder level as well as in other key managerial roles. The business needs to be building its "bench" in order to get to the next level.

⇒ Phase 6: Sustainable Business

⇒ *Your business plan requires you to analyze your business proposition to see if it makes sense. Your business plan is also required to receive funding. The business plan reflects your vision as well as your ability to execute your business plan correctly.*

## Planning

### Market Opportunity

10. **A Market Plan too Broad to Implement:** Entrepreneur's often try to launch to all markets. "My product solves some serious backup problems for servers; anyone needing backup will want my product." This is your first step to failure. They may have the same product requirements, but their business requirements will be different, even within similar markets. You must address 1 or 2 markets, no more.

This is key to revenue momentum and key to sustaining revenue – meaning your revenue success is repeated across a defined group of buyers. Contrast this to opportunistic sales activity.

*A market plan that is too broad can't be implemented. Your sales and marketing organizations lack resources to address more than 2 or 3 markets. Beyond that, people lose focus and you start to experience turnover.*

11. **A declining market:** Book stores, music stores, printing businesses and many others are dealing with changes in technology, consumer demand, and competition from huge companies with more buying power and advertising dollars.

*Test your plan with people you know and trust. Validate your idea and be willing to accept bad news. Develop a set of metrics to test your markets and segments for external drivers and influencers that suggest the need for your product or solution. Do not be blinded by the greatness of your product – when we are retained to help companies enter new markets or accelerate revenue growth, the product itself is one of the last areas we evaluate.*

### Business Plan

12. **Lack of Planning:** Plan the work, work the plan. I have proven to myself several times that a good plan and lots of hard work will either yield success or enough information to know I have to course correct. That's a win either way, yes?

It is critical for most businesses to have a business plan. Many small businesses don't and they fail because of fundamental and basic shortcomings in their business planning. Any serious effort deserves a business plan based on accurate, current information combined with realistic projections for the future.

a. Components may include:

- a. What is the *market* opportunity not currently being served?
- b. What is your vision to *uniquely* serve this market?
- c. How will you reach and serve this market?
- d. Do you have the right leadership team? Financial resources? Abilities to execute?
- e. Financial: Capital equipment, balance sheet, income statement and cash flow analysis, revenue/expense forecasts and projections
- f. Cash management
- g. Company launch and market entry strategy: How you propose to find and close Early Adopters that *represent the ideal profile identified in your business plan.*

## Let's be clear: No Business Plan = No VC Funding

### Market Plan

13. **Failure to anticipate market trends and business drivers:** An entrepreneur doesn't recognize changes in demand, customer preferences or the economic situation.
14. **Marginal Niche:** Sometimes Entrepreneurs choose a small, obscure niche in the hope of avoiding competition. A focused niche to get traction can make good sense. However, this should be the first phase of your business plan to increase your addressable markets with products, services and solutions.

*Conduct regular business planning sessions with your management team and advisors.*

15. **Derivative Idea:** Entrepreneurs sometimes offer extensions of existing companies or solutions. This is one source of ideas but not the best. The best startups come from seeing a specific, unsolved problem in the market.
16. **Lack of Market Focus (a.k.a. Segmentation):** Emerging high-tech companies often try to be all things to all people. They jump at everything and refuse to focus on one or two segments. As a result all markets are under-served, under-supported and competition from everywhere. This problem is discussed throughout this guide.

*Select 1-2 markets/segments and focus on them to acquire Early Adopters quickly. They will help you accelerate revenue momentum with testimonials, case studies and references.*

17. **Irrelevant Market Research:** Statistical surveys quantify customer demand, but it's often the qualitative information is needed most such as your target audience's perceptions that affect your strategies and execution.

*This is the time to understand your buyer. The world is full of great products looking for a home.*

## Strategy

### Market Strategy

18. **Market Opportunity:** The math just doesn't work. There is not enough demand for the product or service at a price that will produce a profit for the company. We often see hi-tech companies with brilliant products for a select segment of Cloud Providers but it doesn't scale. Their global market consists of 38 Tier 1 players and their addressable market is roughly 30%.
19. **Lack of direction.** Business owners often fail to establish clear goals and create plans to achieve those goals, especially before starting out, when they fail to develop a complete business plan before launching their company.
20. **Obstinacy** Your vision will be constantly tested. Be willing to adapt to external indicators and market drivers. Success requires your willingness to constantly test and try new ideas; not to be obstinate regarding your vision. Be prepared to adopt a better idea when it comes. Stay focused. Stay on point

with your vision and business plan of course, but on the other hand, you obviously can't keep restarting from scratch every week.

*This is a good discussion to have with your Advisory board.*

- 21. Using Price Alone to Drive Market Transformation** Of all the start-ups I've seen, maybe 1 out of 25 can actually show me their market entry, product and selling strategies in quantifiable terms.

Worse, start-ups see pricing is simply an afterthought. Just keep lowering the price until they buy. This is a big step towards company failure. BEFORE you enter the market, your market strategy (first mover, leap frog, direct, segment) must be defined as well as your product pricing strategy (volume, custom, value, etc.)

These strategies precisely determine the pace and acceleration at which your company will successfully acquire Early Adopters, if at all, and the pace at which revenue growth will occur, again, if at all.

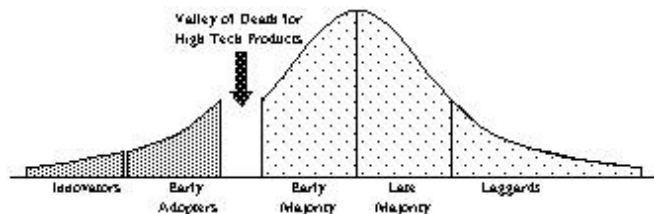
These strategies have enormous implications to market entry strategy and how you engage with ideal prospects yet we rarely see them.

*Learn and understand market, product and pricing strategies before you launch your company. Focus on value, not price. When we see Entrepreneurs selling on price alone, what usually follows is that they due not understand the fundamentals of business value creation – the result of having the right market, product and pricing strategies.*

- 22. Misinterpretation of the Technology Adoption Lifecycle Model**

There are two versions of the technology adoption lifecycle. The first version (introduced in 1957 at Iowa State College) describes the market acceptance of new products in terms of innovators, early adopters, early majority, late majority, and laggards. The process of adoption over time is illustrated as a classic normal distribution or "bell curve."

The second version is an adaptation of the original that includes a gap in the bell curve, between early adopters and the early majority. This essentially splits the adoption process into three distinct phases, an early market and a mainstream market, separated by a period of time called the valley of death.



Both versions of the technology adoption lifecycle are useful tools for understanding the way markets unfold and mature. However the second (valley of death) version typically applies to **discontinuous** innovations, meaning the product forces the user to change behavior.

This is an area of great confusion because not all high-tech products are discontinuous, in which case the original technology adoption lifecycle applies more than its successor.

*Understanding the type of technology adoption life cycle most appropriate to your technology allows you to accelerate the process of user adoption, i.e. revenue acceleration.*

- 23. No Website:** Simply put, if you have a business today, you need a website. Period.

In the U.S. alone, the number of internet users (approximately 77 percent of the population) and e-

commerce sales (\$165.4 billion in 2010, according to the US Department of Commerce) continue to rise and are expected to increase with each passing year.

At the very least, every business should have a professional looking and well designed website that enables users to understand who you are, the business problem you are addressing, how you address it and the value provided to your ideal targets.

Splattering your home page with product details will not hold your buyer's attention. Technical buyers, yes, but it is likely your buyer's purchasing process includes other buyers such as finance buyers and executive buyers. Most entrepreneurs **completely** ignore speaking to them.

*Resist the urge to talk endlessly about your products features, functions and benefits. There is a place and time for this, yes. However you cannot possibly build a web site until you understand **your buyers and their buying criteria and the problem they are likely to have**. With this information, your web site can position specific messages for your buyers; otherwise, it's a web site that simply broadcasts your product's capabilities to anyone who will listen **Ready!! Fire!! Aim!!***

24. **Failure to Establish the Right Competitive Barriers:** I place a great deal of value on this topic, many don't. My thinking goes like this. Assume your competitors know their buyers sufficient to position effective sales messaging that help their buyers choose their solution. It is highly likely they are also positioning messages that serve as traps to your offering. Think in terms of traps to set, traps to avoid.

*You have three buyer-types: Executive, finance, and user buyers. Think in terms of leaving traps for your competition..... "When you speak with other vendors ask for an ROI that focuses on...." (You have it, they probably don't)*

*Anticipate the opposite, what landmines have your competition left for you? (This is another reason of many why it's not a good idea to publish too much information about your product on your web site.)*

25. **Reseller/distributor loyalty** is determined by demand and their economic user base.

*Choose partners carefully.*

26. **Demand creation vs fulfillment** Remember, sales coverage is limited to the dealer's circle of contacts. Use these partners to fulfill your customer demand, not create demand and certainly not to validate your market plan with the acquisition of Early Adopters.

27. **Failure to penetrate key territories or accounts** again, an over-reliance on commission only sales or distribution channels before validation of your market entry strategies usually results in these types of disconnects. This is your company. Until your business and market strategies are validated, don't outsource selling. I know you need revenue, but you must build sustaining revenue to succeed, not opportunistic selling activity. Engage with high value clients as much as possible. Find a consultant who can provide a few hours a month to help open doors to key buyers so you can meet with them. This can be done for a few hundred or a few thousand and can save you weeks or months in finding key people willing to meet with you. Use consultants to open doors, you do the selling.

28. **Unnecessary business challenges and distractions:** Unique management challenges exist for each primary type of distribution channel: direct selling, dealers, manufacturers "reps" or agents, OEMs, alliance partners, and inside sales. *Choose partners carefully and only when your company lifecycle phase warrants it.*

## Product Marketing



29. **Complete solution not identified:** This involves the identification of all appropriate products and services required to deliver a complete solution *and* an understanding of what additional products or services might be required to be a credible supplier.

*Another reason to engage directly with high value Early Adopters – they will provide invaluable input to help you refine and further develop your offering.*

30. **Excessive Pace of Product Improvement:** Adoption of high-tech products takes time for training, integration and to ramp to maximum productivity. These are learning costs your Early Adopters incur.

*Understand this process as well as your customer's overall product life cycle to align new products, releases and updates where possible.*

31. **Incomplete Products:** In technology-based companies the tendency is to try to sell products on the basis of price, special features and technical specifications. These technical factors are often favored by the engineers and scientists who typically run high-tech companies. The problem is that most customers consider factors such as **product support and company reputation** to be **more important**. So the feature rich products created by techies are seen as incomplete in the mind of the customer. Rather than competing on features alone a company should focus on the "intangible" factors that are especially attractive to most customers.

*Focus on 1-2 segments where you can execute and make sure your complete offering includes factors other than product and price. Remember, your company will be evaluated on management credentials, company stability, financial capabilities and your company's ability to support its customers.*

32. **Undifferentiated Products:** Most high-tech products that fail do so because of a lack of differentiation. Successful companies differentiate their product from all other products on the market. Differentiation is possible on the basis of **five fundamental factors**: function, time utility, place utility, price, and perception. These five elements can be mixed into an almost infinite variety of patterns.

*Learn to differentiate in areas other than product. Think in terms of unique business value delivered as this approach allows you to combine several factors to product a unique proposition your competitors cannot meet (and you did this without selling on price!) I.e. fair market price (not the lowest) **PLUS** innovative approach that lowers my operational costs **PLUS** improved competitiveness in our markets.*

33. **Channel Mis-management:** Beyond finding distribution pointed to your target customers, specific skills are required to manage each channel type before selling can occur, specifically, an understanding of the sales process with your ideal targets.

*The author strongly recommends you have this sales process developed **BEFORE** engaging with distributors. This is another primary consideration regarding the validation of your business and market strategies with Early Adopters before retaining channels.*

*Your Early Adopters will tell you how they like to buy and even recommend ideal channels that already serve them. But before retaining any channels, you have to find out the most optimum way of reaching your ideal high value clients. Failure to do this only creates an unnecessary channel management burden.*

## Marcomm

34. **Improper Use of Advertising:** More money is wasted on advertising than any other marketing activity. A company cannot establish credibility or create a position in the marketplace with advertising.



Advertising is also a poor choice if your target audience is skeptical or if the message you are trying to communicate is complex. Think of advertising as a way to reinforce positive differentials that already exist.

35. **Inability to support your initial launch** We usually see an over-emphasis on the product itself and an overall lack of understanding of the buyers who will be involved in purchasing your product. (more on this later) Make sure your initial collateral speaks directly to the problem/opportunity you are addressing in the specific markets/segments where you are focused. (BTW: Start-ups by definition must focus on 1-2 segments due to limited resources – you're not quite ready to take on IBM!)
- a. Web site: beyond the product, don't forget a) the market and problems you are addressing, your unique vision as to how your company uniquely addresses these problems and most of all, messaging that creates interest for your buyer so that they'll want to meet with you. It's hard – the average reader spends less than 6 seconds on a web site!

## Social Media

36. Hiring Amateurs or the Wrong SMO (Social Media Optimization) Company. Social media is an entire new world for new comers. It has its own dynamics, procedures, and ethics. If someone fails to adapt to the environment of social media the campaign is bound to fail.

*Social media is another marketing channel and should be integrated into your marketing efforts.*

37. Any type of marketing needs professional input, therefore never hire amateurs.

*Develop your overall objectives, then seek input from experts before execution.*

38. Random Acts of Social Media – need a cohesive plan

*Too often, social media is thought of as an 'add-on' Treat this marketing channel as an integral part of your company communication.*

39. Treating social media as traditional media

*It's important all marketing channels send the same core messages about your company's vision, objectives, etc. However, social media is interactive and real-time. Add adding e-commerce to the mix often places significant pressure on your back-end systems. Be prepared.*

40. Failing to understand ROI

*Specific and measurable. Figure it out beforehand ☺*

41. Not engaging with target audiences

*Continually invest in your key markets and high value clients, especially with social media. You want their input.*

42. Some people treat social media too informally. They forget that the things said or shared on social media can have legal implications.

*It is very important to design policies and terms of service to provide legal shelter to business*

*advertising.*

43. Failure to design a 'roles and responsibility' matrix
44. Assuming social media is the only type of marketing. If a business relies on social media for marketing then it is a wrong perception. Social media is just one of the several ways to market your business over internet.
45. Relying too much on social media. The quality of the product and/or service makes or breaks a business. Moreover, social media marketing or any type of marketing cannot compensate it. Therefore, if you think that social media marketing will save your sinking business then you might be wrong.

## Company Launch

### Leadership

46. **Lack of experience with the leadership team:** Company launch and market entry are considered the toughest phase of all company life cycles. It is where most companies fail. In addition to your product-drive subject matter expertise, your team should have prior launch/market entry experience, business planning, analysis and communication skills...

*Your team should have previous experience creating and managing business plans, pro forma and P&L and the ability to align organizational objectives to revenue objectives.*

*Your team should have successful track record growing revenue and profit based cultures.*

*Your team should have director level experience in sales and marketing.*

47. **An Advisory Board is mandatory** As an Entrepreneur; one of your greatest challenges is a lack of resources with the appropriate backgrounds and experiences necessary for your company to succeed. Think company's success, not yours. I have certain, specific skills, but I'm not good at finance, operations or accounting. And by definition, I lack experience of the next phase of my company that I hope to enter. Find people who have this experience. They want the experience of being an Advisor and will be happy to donate their time in return for the personal rewards associated with serving as a company advisor.

### Company Readiness

48. **Revenue Performance Metrics:** Lack of experience and/or tools to measure the performance and effectiveness of your revenue initiatives.
49. **A failure to identify major risks associated with this launch** and the development of appropriate mitigation strategies to correct.
50. **Lack of sufficient collateral to support the launch** – Your initial launch needs a minimal set of marketing, sales and support collateral focused to your segments. Forget **READY!! FIRE!! AIM!!!** –

You'll make a few sales here and there, but it gets harder and harder.

Have an appropriate level of collateral required to speak to your target buyers. Sample business use cases (this isn't a customer reference, it's a brief paper showing potential customers the business problem you're addressing and the unique value they will receive from your offering).

Minimal doc set includes a website, use case studies, corporate overview, solution overview and market/competitive positioning.

- 51. Who are you? Your company identity is important:** We largely serve technology based companies who, well, are brilliant technologists with a vision, but rarely have revenue experience. Hey, no worries, I'm not a brilliant engineer by any stretch. Make sure your company identity is developed and used constantly – letterhead, business cards, /ppt presentations, blogs, social media and your company communications should always be consistently communicated using your company brand.

We constantly see emails from entrepreneurs sent from [New-Start-up-CEO@Gmail.com](mailto:New-Start-up-CEO@Gmail.com) or worse, [New-Start-up-CEO@NewCO.COM](mailto:New-Start-up-CEO@NewCO.COM) forwarded by [New-Start-up-CEO@yahoo.com](mailto:New-Start-up-CEO@yahoo.com) - ***What? Who are you? And who is your company?***

I use Gmail (or similar) like all of us. Great tools. But my point is professionalism, not cool tools.

*When you're communicating with clients, prospects, industry watchers, analysts, partners – anyone important to the success of your company – always communicate using your company's identify, not someone else's. Focus on your brand; Gmail and others don't need the free advertising.*

## Market Entry

- 52. Markets/segments:** Failure to identify high value markets, segments companies and buyers most likely to be receptive to your solution. *Consider replacing opportunistic sales activity with sustaining revenue tactics and strategies.*

Your launch plan should include an analysis of your ideal markets and segments – and why. What are their business requirements or business drivers that align with your business plan? What are their problems? How does your offering address those problems and what is the unique value your client realizes from the purchase of your solution?

Focusing to select segments and consistently addressing these questions uniquely is what VCs look for – *this is the path to sustaining revenue momentum.* Anything less puts your company on the road to mediocrity or worse, company failure.

- 53. Failure to understand your buyers and their requirements:** If you look at all the “Top N” reasons for startup failure, few, very few, have to do with the product. Look at your market from your buyer's perspective. What do you see? You'll find buyers considering your solution but also considering the risk involved with buying from you. You have no brand, no track record, few if any customers and no financial strength. So, why would I buy from you? Statistically speaking, buyers spend between 25%-50% of their evaluation effort on the product; the rest is about *you, your company's leadership team and your company's ability to support your buyer's requirements after the sale.*

You should become very familiar with who your buyers are and *how they buy.* As an example, if CXO level approval is required before your product is purchased, then your company must meet with CXO levels to discuss their requirements. Entrepreneurs will soon find the discussion is about business value – *how do you propose to help my company lower operational costs or improve revenue?* If you try to have a product level discussion, you will most likely not have a good meeting.

Remember, CXO's will almost always care about **how** your product meets their business requirements, not **what** your product does.

54. **Failure to have unique business value identified and aligned to each buyer type:** With an understanding of your buyers and how the type of conversation to have with them (# 53 above) the task now becomes to differentiate yourself within their requirements and evaluation criteria. For each buyer type, *why would I meet with you? Why would I change my current solution/process for your solution? Why would I buy from you?* You must be prepared to have this discussion for all buyer types: *Executive buyer, finance buyer, user-buyer and technical buyer.* Without this, your customer's *buying cycle* will be incomplete and a sale will not occur.

This work should be captured in a document call your sales/buy cycle that defines how your company will engage with each buyer-type and the *unique value proposition* your company offers at each buyer-type level.

55. **No pre/post sales support plans to support engagements:** We frequently see little to no thought put into how a pilot or trial would be supported – how your company would propose to guide the prospect through the evaluation to a positive conclusion.

We recently worked with one European company who actually said, ***“We just present the product's feature and benefits – it's up to the customer to figure out how they use our product.”***

*This is a great example of pitching at the product level to an undefined audience; major contributors to company failure.*

## Finance

### Revenue Recognition

56. **Poor accounting.** You cannot be in control of a business if you don't know what is going on. With bad numbers, or no numbers, a company is flying blind, and it happens all of the time. Why? For one thing, it is a common — and disastrous — misconception that an outside accounting firm hired primarily to do the taxes will keep watch over the business. In reality, that is the job of the chief financial officer, one of the many hats an entrepreneur has to wear until a real one is hired.
57. **Inadequate financial records.** An entrepreneur fails to set up bookkeeping or accounting system from the beginning.

### Cash Management

58. **Lack of a cash cushion.** If we have learned anything from this recession (I know it's "over" but my customers don't seem to have gotten the memo), it's that business is cyclical and that bad things can and will happen over time — the loss of an important customer or critical employee, the arrival of a new competitor, the filing of a lawsuit. These things can all stress the finances of a company. If that company is already out of cash (and borrowing potential), it may not be able to recover.
59. **Poor Management:** Many a report on business failures cites poor management as the number one reason for failure. New business owners frequently lack relevant business and management expertise in areas such as finance, purchasing, selling, production, and hiring and managing employees. Unless they

recognize what they don't do well, and seek help, business owners may soon face disaster. They must also be educated and alert to fraud, and put into place measures to avoid it.

60. **Insufficient Capital:** A common fatal mistake for many failed businesses is having insufficient operating funds. Business owners underestimate how much money is needed and they are forced to close before they even have had a fair chance to succeed. They also may have an unrealistic expectation of incoming revenues from sales.

It is imperative to ascertain how much money your business will require; not only the costs of starting, but the costs of staying in business. It is important to take into consideration that many businesses take a year or two to get going. This means you will need enough funds to cover all costs until sales can eventually pay for these costs. This [business startup calculator](#) will help you predict how much money you'll need to launch your business.

61. **Bad or nonexistent budgeting.** An entrepreneur fails to develop written budgets for operations that include all possible expenses.

## Operations

62. **Operational inefficiencies.** Paying too much for rent, labor, and materials. Now more than ever, the lean companies are at an advantage. Not having the tenacity or stomach to negotiate terms that are reflective of today's economy may leave a company uncompetitive.
63. **Neglect of a business can also be its downfall.** Care must be taken to regularly study, organize, plan and control all activities of its operations. This includes the continuing study of market research and customer data, an area which may be more prone to disregard once a business has been established.

64. **Location, Location, Location: A** bad location could spell disaster to even the best-managed enterprise.

Startups prosper in some places and not others such as Silicon Valley, Boston, Seattle, Austin and Denver for start-ups.

*Why? It's where the experts are.*

Some factors to consider:

65. Where your **customers are** *cost and ability to reach them*
66. **Traffic, accessibility, parking and lighting** *consider the total traffic to your facility*
67. **Location of competitors** – *consider their access to your markets*
68. **Condition and safety of building** – *overall workplace environment for employees and guests*
69. **Local incentive programs for business start-ups in specific targeted areas** – *Many major markets provide commercial and government funded business accelerators. In addition, universities offer numerous programs to help the entrepreneur.*

## Momentum and Growth

70. **Hyper-growth:** Growing pains that damage the business, or borrowing too much money in an attempt to keep growth at a particular rate. Sometimes less is more.

*Implement quarterly business planning to constantly assess company and organizational readiness.*

71. **Overexpansion:** Sometimes entrepreneurs confuse success with an accelerated rate of expansion.

*A focus on slow and steady grow is optimum. With an established base and cash flow, develop strategies and tactics to identify and execute a measured pace – and don't forget performance metrics to test your plan.*

## Sales

72. **Selling too soon** Many articles have been published on this subject. I realize start-ups need revenue but here's the issue:

Selling too soon means trying to generate revenue before your ideal markets and buyers have been identified and validated with feedback from Early Adopters who have realized business value from your offering – a *Ready!! Fire!! Aim!!* approach. You may make a sale here and there, but you'll find it nearly impossible to attain sustaining revenue – a requirement for VCs to see before they will provide funding.

Do your homework first and get first-hand feedback from Early Adopters as to the assumptions you've made in your business plan and market strategies. Failing to do this is one of the single most critical mistakes you can make and one that directly and immediately contributes to company failure. Why?

We talk to hundreds of start-ups; most believe they have the next great product everyone needs. Often times, the reality is a great product looking for a market.

*I clearly remember the story about two very bright engineers taking their new invention to a major buyer at HP who looked at the engineers and said, "I can see this machine is interesting, but tell me, why would anyone ever want a computer on their desk?" The engineers? Well, the team of Steve Wozniak and Steve Jobs, of course... On that day, a sale was **not** made.*

Here's the problem: To attain revenue momentum, your product must deliver unique business value defined *beyond* the features, functions and benefits of your product. The world is full of cool ideas that failed to become companies. You have to solve real business problems. Your vision and market strategy must focus on addressing problems or opportunities not yet solved or to be disruptive – meaning to solve new problems in different ways. *You can get to work faster; we have this new thing called "automobile". – Disruptive.*

So, make sure you can answer these questions before trying to initiate general selling:

- a) What problem are you solving?
- b) Who has this problem?
- c) How does your solution *uniquely* solve their problem?
- d) How do your buyers see value from your solution?
  - Executive buyers seek business value – *i.e. expand my business*
  - Finance buyers seek quantifiable results – *lower costs with an established ROI*
  - User/Buyers seek business advantages
  - Technical buyers seek features and benefits



Many entrepreneurs tell me their market plan is validated. I've learned what they mean is that a business accelerator has looked at their market plan and *validated it*. Well, OK, you have a properly developed market plan. However, *validation* to me means **it works**. And here's the reality: You cannot determine if your market plan "works" until you have feedback from potential buyers and influencers.

If you lack the skills to conduct this engagement, you need to find an organization that can do it. Bad news: You should be prepared to make an investment for this work. A modest investment of a few hundred to a few thousand a month from a business or market development organization – *not a sales organization*.

Make sure you have a written project plan with performance metrics to accomplish, at minimum, two things: a) feedback from Early Adopters in high value markets and targets and b) an opportunity to engage with them to discuss your solution

I'm going to skip this step and just start selling.... See # 74 - 77

73. **Dependence on an outsourced or commission only sales organization for initial sales** First, let me say these are very good organizations. Second, let me say they are not structured to *create demand*. Their primary role is *fulfillment of demand*. When your market is validated, demand is created – this is the time to talk to fulfillment oriented sales organizations including distributors, resellers and outsourced commission only sales groups.

*Without exception, technology based start-ups turn to commission only sales groups. The results are abysmal – 50% fail in the first year and over 70% of these relationships are gone after 4 years. These organizations are not loyal to vendors; they are loyal to their network. They can introduce your product, yes, but we've already had a discussion about too much selling at the product level, so by now you should see the problems with this approach.*

74. **No Sales/Buy Cycle** We often see questions on LinkedIn and elsewhere asking for the ideal sales cycle? Or, "when do we close the deal?"

*The answer will always start with "How do my buyers make purchase decisions? What is their buying process?" So, when building the sales cycle, start with the buy cycle. When this is understood, build the sales cycle that best supports your buyers.*

*Start-ups that lack a sales/buy cycle usually don't understand their buyers, which means they probably don't understand their ideal markets.*

75. **No Sales Process** Selling, like engineering or marketing, is a process. Selling is guiding your buyer to a purchase decision. So to succeed, the sales person **MUST** understand the requirements of each buyer-type. We say this a million times, but many entrepreneurs persist on pitching the product.

*Engage with each buyer to discuss their requirements. Focus on aligning your company and product value to their requirements and resist the urge to pitch.*

76. **Lack of sales messaging aligned to each buyer-type:**

The most problematic area in sales, the least understood and one of the easiest to solve. Here's the problem. When marketing launches a product, a "launch kit" is usually provided to sales. It contains company, market and product messages – all *descriptive* – *we are, we have and we do*.

Missing are persuasive messages *aligned to each buyer type*. Why does this occur? Startups have limited resources; marketing almost always consists of a product manager initially. Product Managers are technical by nature and usually do not have a sales background. Thus, the message gap.

In addition to company, market and product messages, compelling *buyer messages* are required to create business and product value aligned to your buyer's requirements.

Want to test your messaging: When the value propositions are not clear and sales messaging isn't present to create and align value, problems in the sales process occur;

- a. *Too much selling on price*
- b. *Failure to convert pilots/trials to full production*
- c. *Irregular sales cycle lengths*
- d. *Being introduced to too many influencers/buyers within a sales process*
- e. *Constant price pressure*
- f. *Competition from irregular sources*
- g. *Inaccurate sales forecasts*
- h. *Too many deals sitting in the middle of the pipeline*

The above are clear indicators your buyer is not seeing business value from your product.