STARTUP EXPERIENCE

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THE

Entrepreneurial Mindset

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Welcome To Your Entrepreneurial Journey

It's going to be one of the most challenging, yet rewarding, times of your life, and at the end, you are going to be prouder of yourself and your new business than you ever thought possible. If that excites you more than it scares you, buckle up, because we're going for a ride!

Building a company is never easy, but with the right mindset, skillset, and toolset you will be able to identify and explore new opportunities, build and test new business models, and ultimately bring your entrepreneurial vision to life. In the next few pages, we're going to cover what you should expect on your journey, how to adjust your mindset for success, how to build your network, and who should be on your team.

The Entrepreneurial Mindset

Are you the type of person that sees problems as opportunities? Do you get excited when something goes wrong because it means you get to use your problem-solving superpowers to try to fix the problem?

> ***Are you the type of person that sees problems as opportunities?***

If you are curious by nature and love to dive deep to understand all the aspects of a problem so you can fix it yourself, you might have an entrepreneurial mindset. If you can put yourself in someone else's shoes as they are struggling, ask questions, listen to answers, and challenge yourself to learn a new skill and/or operate outside of your comfort zone, you're on your way. If you're not afraid to be wrong and are willing to learn from your mistakes, you may end up creating a successful business of your own.

ENTREPRENEURS ARE DIFFERENT.

Some people don't like to step outside their comfort zone. They may be afraid of the unknown or they may be afraid of failing. If you find that people question your decision to pursue an idea, that's okay! Not everyone has the mindset it takes to be an entrepreneur. These people who may challenge your idea can actually be a great asset because they might help make your idea better or spark your next great idea. It's important to listen to feedback from a variety of sources with an open mind and empathy.

In fact, these are some of the top qualities entrepreneurs should have. Some others include:

Qualities of an Entrepreneur

- Active listening
- Adaptability
- Empathy
- Confidence
- Creativity
- Unique perspectives
- Curiosity
- Grit
- Persistence
- Problem solving
- Willingness to pivot

Developing Your Entrepreneurial Skillset

The most important skill that every entrepreneur needs is the willingness to pivot. If you want to be a successful entrepreneur, it's important to be able to recognize when you may be on the wrong track with your idea and change course in a new direction, so you don't waste your valuable time and resources.

> ***The most important skill that every entrepreneur needs is the willingness to pivot.***

How do you practice this skill?

Share your ideas and prototypes long before they are perfect. Get feedback early and often. Ask questions and listen. Even if you think the other person is wrong in their conclusion, there's always something to learn from their reasoning.

IT’S OKAY TO MAKE MISTAKES.

When starting a business, there are three kinds of pivots that will come up. Product pivots tend to be the most common but remember that there are different types of pivots to consider as you try to identify what’s not working with your business.

- **Product Pivot**: Keep the customer and the problem but change how the product works.
- **Problem Pivot**: Keep your target audience but solve a new problem for them.
- **Customer Pivot**: Keep your problem but find a new demographic.

There’s not a successful entrepreneur in the world who can say they got where they are without making mistakes. In fact, most entrepreneurs are as excited about their mistakes as anything else they’ve done. It is the mistakes that moved them forward by teaching them something new. Sometimes that something new is just one more way not to do it, and that’s the best kind of knowledge because it can save you both time and money. Time and money are two of the most valuable resources that you will need to build your successful business.

Filling Your Entrepreneurial Toolbox

One of the most important tools in your entrepreneurial toolbox is a robust contact list. Even if you don't feel like you have a wide network, building one is easier than you might think with a few simple steps that anyone can take from anywhere in the world. In terms of moving your business forward, we like to say:

> ***Your network is your net worth.***

We've already discussed that entrepreneurs learn from their mistakes, and then move quickly past them. But the best way to recognize your mistakes before you invest too deeply in them is to make sure the people around you have experience in your chosen area. Smarter, more accomplished colleagues and co-founders will ask better questions; and you will learn more in finding the answers for them. This can help you pivot quickly in the best direction.

Your early adopters (first customers - think about the people in the front of the line when the latest version of your favorite mobile phone brand is launched) and your network of industry experts are going to give you the most important feedback. You need to trust that their insights are valuable.

A great place to build your network of industry experts is on professional networking sites, like LinkedIn, because they are designed for professionals, and many people are more open to interacting with strangers online who look like they have something interesting to offer. It is a good idea to make sure your profile is up-to-date and really shows off who you are and your expertise. Consider building a website with a .com domain name (like I did at **StartupExperience.com**) featuring your professional details that you can point to. It can help strengthen your legitimacy and show you are serious about being an entrepreneur.

Even if you aren't creating your own content, you can gain credibility (and widen your reach) by reposting information you find interesting. Just make sure you stick to one or two topics that align with your brand and your big idea. That way, when someone is trying to decide if they'd like to connect to you and they search your past posts, they have a clear idea of what you can contribute.

QUALITY ATTENTION IS A GIFT YOU CAN GIVE FOR FREE.

Show that you value your network's time by posting quality content and messages that have meaning. Think about reposting interesting content from others in your network to show you value their ideas and expertise.

Reposting relevant thoughts with a compliment at the top about what you found interesting, and adding thoughtful comments when you see a post early on, can go a long way towards endearing you to experts and industry leaders. Once you have shown yourself to be interested in their work, they will be more open to sharing your messages and helping when you have a concise ask.

Social media isn't the only resource available to you. Networking events, professional meetups, and book signings on relevant topics can be great places to build your network in person. When you meet someone new at any of these places, make sure you have a way to stay in touch. Asking for or offering a business card can work, just make sure to follow up with an email or social media message in the next week thanking them for the conversation and indicating your desire to stay in touch.

When you reach out to someone new, either someone you've recently met in person or a thought leader whose article or post you've seen, make sure to include something personal in your note about why you are interested in connecting with them. You are much more likely to get a response (and more importantly a future resource), if you include what's in it for them. Usually, a simple message saying, "I find your work interesting and would love to follow and support what you do" comes across as genuine and realistic. You might consider personalizing your message further by referencing what interested you about content they've posted.

A solid network will help you build a strong team when the time comes, which is vital to your future success.

Reputable investors know that pivots happen. Your initial idea is going to change, probably more than once, but if you have a team of rockstars working on it, those changes will contribute to your ultimate success. Ideas are a dime a dozen, but the ability to execute well on those ideas is only as good as the strength of your team.

Starting a business alone is next to impossible, even if your dream is to start a consulting company of one, a hair cutting business with only one chair, or a graphic design company with only one designer. At some point, if you want to succeed, you're going to hit a point where something needs to get done that is not in your skillset and doesn't sound fun or easy to learn. If you're interested in growing, you're going to need people to help you.

> ***In my experience working with entrepreneurs who are pitching startup ideas to investors to raise capital, I've found that prospective investors care as much about the entrepreneurs team as they cared about their idea.***

Building Your Startup Team

The best teams are made up of co-founders with complementary skillsets. There are three archetypes that make up the ideal team: The Builder, The Connector, and The Artist.

THE BUILDER, depending on your industry, is the CTO (Chief Technology Officer), CIO (Chief Information Officer), or CPO (Chief Product Officer). They focus their skills on building an amazing product or service. They stay on top of the latest and greatest technology and competitive approaches to solve the problem. The Builder loves to go into the weeds researching the “how” of a product.

THE CONNECTOR is the CEO. They are the charmer, whose main job is to raise money from investors, sell to customers, and motivate employees. They make the business model work and manage any external relationships. The Connector is a people person and focused on the “why.”

THE ARTIST is dedicated to the user experience. They work with the Builder to keep the needs of the customer in the forefront. The Artist keeps the Builder from geeking out about all the things a product could do, by focusing on the user interface and the user’s needs. This helps ensure the product does what it should do and is an elegant solution to the problem that future customers will love.

The three archetypes are about balance and how your co-founders should be different than you. It's also important to think about how you would like them to be the same. Values such as integrity, determination, work ethic, communication, and passion are important to discuss in advance to make sure you are aligned. There's nothing worse than a stalemate on a great product because you have different expectations about how to move ahead.

And don't jump in too quickly. Best case scenario, you are going to spend more time with this person than you would spend with most other people in your life. You're going to share money and legal responsibilities and liabilities. Make sure you're 100% positive that you can trust your co-founder.

Even when you are 100% sure that you can trust them, it is important to sign a co-founder agreement. You need to outline each of your roles and responsibilities and agree on models for decision making and equity distribution. Having these conversations up front can prevent future headaches down the road.

You can find lots of great co-founder agreement templates online and you should also find a good startup lawyer to help you execute this important document. If you haven't yet incorporated, there are many great reads you can check out to help you model your thinking about equity distribution amongst teammates. It is especially useful if you have a situation where not all co-founders are working full time on the business.

> ***There's nothing worse than a stalemate on a great product because you have different expectations about how to move ahead.***

Another thing to consider when building your team, *and this is a big one*, is creating a vesting schedule for all co-founders. As you grow, you can add advisors and employees to this schedule. A vesting schedule means that equity in the company vests over time. So, instead of owning 20% of the company on day one, each founder will build their equity over a given period (usually four years). It may seem silly to worry about how much each of you own of a company before it even exists. But it takes time to build a successful startup and by having a vesting schedule you incentivize everyone on the team to stay long enough to build something interesting. You also prevent a situation where a co-founder leaves the company early on and takes a big chunk of equity with them before they've fully earned it.

Again, find a good startup lawyer to help you create a co-founder agreement and a vesting schedule - it will likely be the best money you ever spend.

What to Expect on Your Entrepreneurial Journey

Are you still excited? Alright. Let’s explore the entrepreneurial journey. Read closely and see what your life will look like for the next two to five - maybe even 10 - years while you’re building your new company.

The day you decide to start your business is one of the happiest days of your journey. It’s filled with hope and possibility. You’re following your passion and pursuing your dreams and that’s super exciting. People around you will congratulate you and tell you that you’re brave for starting a business. They want to hear all about your project, and they are full of encouragement, while telling you that they could never do such a thing.

HOWEVER, THINGS MAY SOON CHANGE.

At some point you may realize that your startup idea is not, in fact, as great as you initially thought. Maybe there are lots of competitors who are much further ahead, or maybe the big problem is not such a big problem, and no one really cares about your brilliant solution. You'll probably also realize that all the people who initially wanted to hear all about your project are suddenly busy with their own work and no longer have time for you.

This is what entrepreneurs call entering the "Trough of Sorrow."

The Trough of Sorrow is a place that just about every entrepreneur experiences as part of the journey. What you do here is the difference between an anecdote about that company you thought you'd start one day, and actually running your own business. This is when your persistence and grit really get a chance to shine.

When the going gets tough, you can use this time to run tons of experiments so that you can fully understand the problem you're trying to solve, and it might not be the problem you initially thought. If you are doing your experiments correctly, they will also show you what solution your customers want most. The secret to success in this phase is to find your product-market fit before you run out of money, time, or patience with your co-founders.

Product-market fit follows the Trough of Sorrow. It is a time where your hard work and persistence pays off and you have created a product that people want to buy and a business plan that can sustain itself. It is the magical moment when you are confident about the key features that appeal to your customers. The tipping point is where customers are searching for your product by name to find your .com domain name and website and investors are clamoring for a spot in your next round of funding.

> ***This is what entrepreneurs call entering the "Trough of Sorrow."***

You might think product-market fit is the final goal, and that more is better, but it's important not to grow too quickly or to raise more capital than you need. Growing too big too fast can destroy your company culture and make you forget what was fun about solving your problem in the first place.

The entrepreneurial journey isn't easy, but it is worth it!

Balancing Creativity and Credibility

You do need a great idea, but it's not enough. You also need to have a great team, a great business model, a great .com domain name, a user-friendly website, and be willing to research, listen, pivot when necessary, and work harder than everybody else.

Check out our next book to learn more about the next steps in **Finding and Testing Your Startup Idea**.