A Dozen Dont's for Entrepreneurs

11:12 PM on Jun 30, 2009

Advertising Age: Open Forum
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Most advice to entrepreneurs focuses on what they should do: build a great product, assemble a great team, provide great service. All are "duhisms." Unfortunately, many entrepreneurs don't realize that there are things they should specifically avoid doing too. These are also duhisms, but somehow no one ever talks about them. Here is my list of the twelve most important things that entrepreneurs should not do.

1. **Don't worry, be crappy.** Perfectionism, first of all, is an illusion. Nothing is perfect. Even worse, perfection stands in the way of revenue and truly learning what customers think because nothing is in their hands yet. When your product is "good enough" (but not "perfect"), ship it, and see what happens.
2. **Don't give out lofty titles.** Just because a roommate was there during the drunken weekend when you came up with the idea for your company, doesn't mean he should be CTO. Someday, you'll need to hand out titles like director, vice-president, and chief whatever officer, so keep them in reserve. Until then refer to each other as "co-founders" and describe the area of responsibility: for example, "programming." If your roommates aren't cool with this, they're doing you a favor by showing their colors now.
3. **Don't hire your family.** The probability that your spouse or relative is the best person you can get for a job is 0%. The probability that people will hate working at company with spouses and relatives is 100%. The probability that one of you will have to go someday is also 100%. Never hire out of expediency. Always hire the best person you can get. This usually means not hiring your family unless you're Jack or Suzy Welch.

   By the way, if you both hire your family and give them a lofty title, you are truly a bozo.

4. **Don't sweat valuation.** This is easy for a venture capitalist to say, but your company is either going to die or make you more money than you imagined. Whether you have 10% or 15% and whether your pre-money valuation is $2 million or $3 million isn't going to really matter. Do the math: 15% of $0 is $0, so stop negotiating, take the money, and build something that's worth more than $0. Whatever valuation a venture capitalist offers you, increase it by 20% and counter her offer. This is just enough to show that you're not a pushover, but not too much that it will prolong or blow up the negotiations.
5. **Don't believe venture capitalists.** Having said that you shouldn't sweat valuation, you shouldn't believe venture capitalists. It's not that we're all liars—we just don't finish our sentences. Rule of thumb: add "as long as things are going well" to everything a venture capitalist tells you. For example, "I am investing in your team" or "I will be there for you."
6. **Don't create lofty forecasts that you call "conservative."** You know you're pulling numbers out of the air. We know you are too. You know we know. We know you know. So why would you forecast the fastest ramp in the history of capitalism? (It's more likely that I will play in the NHL than you will achieve $2 billion in sales in year four.) Just project $25 million in year four, and we'll all be in agreement about your lie.

7. **Don't believe that the exception is the rule.** This is called the Twitter Effect. It goes like this, "We're focusing on usage and eyeballs like Twitter. We're not that concerned about revenue right now. Look how valuable everyone thinks Twitter is. We'll be just like that." Twitter is the exception. Facebook is the exception. YouTube is the exception. There, I listed all the exceptions. Everyone else needs revenue asap, or you will #fail.
8. **Don't focus on partnerships.** "Partnership, *noun*, a relationship between two parties that does not increase the profitability of either." If your partnership doesn't cause you to edit your Excel spreadsheet, it's meaningless. Focus on customerships, not partnerships if you want to succeed. When you're a big, dumb, slow-moving company, then fabricate all the partnerships you want.
9. **Don't build out your infrastructure.** Sure, your conservative estimate is for a growth curve that makes Twitter's look like a blip, so you need customer service, technical support, and racks of servers. I've never seen a company achieve even its "conservative" projections—I take that back: I've seen plenty of companies reach their overhead projections. The odds are that you'll run out of money before you'll run out of infrastructure.
10. **Don't assume you'll ever raise another round.** Most projected timelines should contain a event that's called "This is where the miracle occurs." A much better assumption is that no miracle occurs, it takes years of grinding it out to succeed, and you'll never raise another dime, so you must reach profitability with what you already have. Miracles happen in movies, not startups.
11. **Don't compare your intentions to other employees' results.** Most people compare their intentions to the results of others. In this way, you're never at fault or a failure. For example, you intended to ship on time, but the sales gal didn't achieve her expected results. The effect of this is poor morale and chasms between people. You need to face the facts: you probably delivered less than you intended. Maybe others did too, but at least you'll be more humble.
12. **Don't ask people to do something you wouldn't do.** This is the Golden Rule of business. If you wouldn't fill out ten fields of information and provide a credit card number for a free password, don't expect your customers too. If you wouldn't work on weekends stuffing envelopes, don't expect your employees to. If you wouldn't invest in your company, don't expect venture capitalists to.