Chapter 1

90% Of Startups Never Even *Compete*

They Self-Destruct (Go Broke) From Premature Scaling

Startup Genome had some shocking findings in a couple of recent studies. To wit: startups scale prematurely. They pantomime a money-making operation and run out of money. The take-home: making (enough) money – with sales and marketing – fixes all these problems.

Startups don’t typically fail from losing to competition. They fail most often from getting ahead of themselves, or ‘premature scaling’. We’re not exulting in this fact – we’re former starters ourselves; we love the innovation founders and starters display, and we understand the tendency to spend on infrastructure, operations, and personnel ahead of demand, often at the cost of opportunity that could bring profits.

We are but messengers to founders and principals alike, and our message is simple: you can pinch pennies and wonder if you can afford the expenses you like, or you can start selling – start making profits – and neutralize these concerns, from the door.

So, GTM with your MVP, ASAP. Period. And then talk to marketing experts about getting sales

What, exactly, makes scaling ‘premature’?

1. It co-opted funds that could have helped them make money;
2. It co-opted funds that could have kept the doors open, proverbially (kept them ‘alive’).

Either of these causes for failure – money that comes at the expense of opportunities for profit, or that came at the expense your doors open – would have been forestalled if the startup in question were making its own money.

Here are some other benefits to becoming profitable:

- Investors, Incubators, Accelerators, Advisors And Regulators Give Them A Wider Berth: A startup in the black – making more money than it spends – has the upper hand with its other interested parties.
Another way of phrasing the problem is that most startups run out of other people’s money, often doing things that weren’t necessary at that juncture, before they become viable and can make their own.

If you are selling you can afford to make other mistakes. You can spend too much on lunches. You can spend too much on travel. You can hire marginally-competent college or childhood friends (believe it or not, this is another common cause of failure, according to Startup Genome).

Any way you cut it, with profits being the raison d’etre for a company, if a company is meeting that requirement, they get to stay in the game, often with the perquisites of added respect and relative autonomy.

So, learn from the Startup Genome study: focus your startup on making money as soon as you can.

True story: we’ve consulted at startups on the cover of national newspapers with toxic relationships between founders; we’ve seen startups in seedy parts of San Francisco with embarrassing absentee rates; we’re pretty sure at least one startup we helped was a front for a mob operation, but guess what?

They all survived these colorful and significant problems, as long as they were selling; there could be no ‘premature’ scaling, because scaling is only premature when it’s done with (other people’s) money you can’t afford to spend.

Out of love for starters, below are some great books on how to get started, and get ‘in the black’ with your company.
Chapter 2

Blending In Is Riskier Than Standing Out

Companies Differentiate Or They Die

While targeting the largest possible demographic, many companies enter a flooded market, not realizing that by saying ‘no’ and being different, they would establish a monopoly in a realistically-sized market.

We have seen it more times than we can count. A new company wants the largest possible demographic, thinking they’ll make the most money that way, but not realizing that that’s where all the competition is.

Sometimes, they do realize that that’s where the bulk of competitors are, but they are overconfident in their ability to compete.

If 100W laser that is 1" wide, but that is unstoppable, it will eventually intersect with as much matter as if I have a 100W light bulb. This is what Allan Dib calls going ‘deep’ rather than ‘wide’. It’s an illusion that being differentiated or focused will give you a small demographic. It will be smaller but not small. And it is simply your best chance at success, 99% of the time.

The solution is to focus and differentiate; to own a niche. And we don’t mean at a granular level. We mean be different in such a fundamental way that that difference is meme-like, or makes it into a 4-word description of what you do.

We define products by the problems they solve, not the way they do it, generally. So, you’ll still be discoverable in search if you solve a problem a different way.

The reason to differentiate is simple: while you will appeal to a smaller demographic, you will have no competition in that demographic. There are a lot of unseen challenges that go with not being differentiated.

When you consider ‘unicorn’ startups, or Web 2.0 Behemoths, they were all significantly differentiated, and in many cases, first to market, or ‘first in, best dressed’. In most cases, their differentiators were meme-like, almost elemental.
Why New Companies Follow The Herd

There are at least a few reasons why starters do what others are doing.

- **It worked before.** In an effort to minimize one kind of risk – which is whether there is demand for their offering – starters rush headlong into another: stiff competition.

- **They underestimate the cost of competing in a competitive market.** It’s a truism of market economics that competition for limited resource (like ad space or attention) drives up cost. What many starters don’t realize is that, even if they’re funded, the actual cost of competing can exceed revenue they earn from conversions. In fact, this happens often.

- **They are overconfident in their ability to compete.** Inferior products succeed all the time. The famous example is Betamax losing to VHS, who according to legend had deals with film studios and distributors, and who brought popular movies to their format, first. You can do something better than the other guys, and still lose.

- **They are greedy.** This is a rookie mistake. A lot of starters, when considering differentiators or feature sets, look at a market that’s $1BN a year, and a market that’s $10BN a year, and choose the former, not realizing that the $10BN/yr. market has 100 players, some of whom have been there a decade.

- **They underestimate the power of habit or brand loyalty.** There is less brand loyalty these days, and companies have to perform and produce to keep customers. That said, between a tried-and-true product or solution, and a new one that does the exact same thing, people – rightly – stick to what they know. You can overcome the momentum of habit or custom if you are suitably differentiated.

- **They don’t realize they can charge more – in a market they own – if they are unique.**

So, starters often want the bigger market. But competing there is harder, and that challenge most often manifests as a race to the bottom, price-wise. Conversely, you can charge more if you are ‘the only’ in your space, with ‘that one thing’, besides being more likely to succeed because you have no real competition.

* A company has to find a niche market, not just to form a monopoly (but ideally to do so), but to compete. *
Differentiation doesn’t just help you set up a monopoly; doing so at a foundational or irreducible level (in any aspect – process, method, modality, etc.) makes it easier for harried and information-overloaded consumers to comprehend what you’re offering.

If you are subtly different in 10 different non-determinative ways, and there are 20 competitors in your space, each with 10 slightly different feature sets, a consumer has to cross-compare 200 data points.

It’s easier just to be Dysan vaccums: prestige vacuums. That’s effectively a monopoly. If they cut costs and design aspects – functional or cosmetic – they’re competing with 200 companies, in a race-to-the-bottom with garbage on Amazon.

So it’s a settled issue: you have to go an ‘Inch wide and a mile deep.’, and not ‘A mile wide and an inch deep.’ It’s the only way to win when there are so many competitors, and so many data points for consumers to swim through.
Chapter 3

You And Your Cofounder Are Smart

So, Why Not Do Your Own Marketing?

If you’re a starter, entrepreneur, or founder and you’re reading this – with zero experience marketing and an open mind – you’re actually not in a bad spot. If you’ve got notions about how marketing works, deprogramming you might be more difficult, and you might do better leaving your marketing to experts.

There are a bunch of reasons founders and heads of companies – particularly tech startups – don’t always do so well when it comes to marketing. They figure that, since they’re smart, they can learn marketing.

It’s actually this assumption that can be the greatest hurdle to overcome. Nerds are smart, and famously do terribly with women. Intelligence in one area doesn’t translate to other areas, and this is particularly when the new area doesn’t work the way it seems to work.

If a founder weren’t familiar with the ideas put forth by Gary Vaynerchuk, or Marcus Sheridan or Mark W. Schaefer, they could, honestly, do at least as well as the middle 1/3 of marketing agencies – who also aren’t aware we’re in the middle of a paradigm shift, in marketing, caused by Internet search.

The problem is that doing as well as ‘marketing professionals’ who on average enjoy a 2% click-through rate when there’s perfect keyword alignment, is not doing well, in our book. And this is a key distinction because most startups fail from an inability to generate profits, and this would have been directly aided by good marketing.

With marketing, a founder’s intelligence and spirit of ‘jumping in and figuring it out’ – the traits that lead him or her to create a startup in the first place – actually work against their chances of success, because marketing, which is determinative, no longer functions how it used to, when it’s done correctly.

Below is where/how founders of companies – whom we think the world of – can go wrong.

They can often do as well as average marketers, but not the top 5% of so. And since their fledgling company can go under if sales and market traction aren’t achieved soon enough, being so-so can mean death for a new company.
Founders aren’t ‘naturals’ at sharing or opening up. The bulk of good marketing happens with content, and company founders are in a unique position to generate content. But most don’t.

Founders, like all companies, are ‘inside a wine bottle, trying to read their own label’; unable to be achieve the indispensable objectivity about their differentiation, messaging, value, or positioning. This is self-explanatory. Basically, it’s often a messaging problem that happens where founders or starters know too much about their product, or cannot be dispassionate about it, or how it comes off. Everybody thinks their baby is beautiful, and that others regard their interests as they do. We always find missing pieces in the messaging when small companies do their own marketing. It doesn’t flow and doesn’t make sense to others the way it does to the founders.

Starters and founders have an inclination to buy visibility (‘Push’ Market), with investment money, not knowing the option of creating content placed for people to find during search, exists. This is a problem of not considering how starters themselves – like everybody else – actually buy something. They have a pain-point, embark on search, and encounter materials they find helpful. Instead, founders and starters use their ad budget – which can at times be substantial, through VC or other funding – and give it directly to Google, Facebook or other ad platforms.

Your website talks only about you, rather than being helpful (is seller-centric rather than buyer-centric). This is a very human mistake. When we engage other people, part of getting to know them is a dialogue of back-and-forth talk called ‘disclosure’. But on the Internet, a) hundreds of companies are doing that – talking about themselves. b) buyers intuitively know that such copy is biased. It amounts to not being helpful, even if it’s not meant to be bragging. A better option is to put yourself in the shoes of your customers and help them with content that’s as objective as you can muster.

Not just messaging, but the actual product lacks a Unique Sales Proposition. Starters often pick a generic or otherwise uninspired product. Fear not – you can pivot or retool. But this is not a problem that marketing can really fix. Even with lots of money, or doing the same things a little better, if you enter a competitive market, it’s an uphill battle from the start. Given startups’ other challenges, this often results in failure -r rendering them unable to achieve a positive ROI, even with a massive war chest.
• Founders’ ads (along with their website) lack helpful content offers, and are seller-centric and not buyer-centric. Like their website, founder’s ads aren’t offering help. They’re trying to sell people.

• Besides lacking objective-value content, a founder’s self-made website looks unprofessional. Many websites for even VC-funded companies look like someone on the team knew WordPress or html and took a shot at it. From their colors to your fonts to your logo, they don’t look like the team cared, or – arguably worse – didn’t know the importance of first impressions.

• It’s not clear what the company selling. This is a problem not of being unable to properly message because you can’t be objective, but simple information organization and UX/Information Architecture standards. Unless you’re a seasoned expert at design and messaging, getting them to culminate on the site might prove challenging.

• Founders often have technical issues with their website that cause them not to rank well in search. Slow page load speed, missing H1, H2, tags, robots.txt, sitemap; missing internal links, not playing well with Google. These are relatively easy problems for an expert to fix, but still, quite common.

• Access to, and the relative ease of, powerful marketing tools leads even smart people believe they understand marketing. We’re not trying to say what we do is rocket science. Once you how it works (this blog does a good job trying to demystify actual marketing for the masses), it’s not that complicated. But it’s a matter of going through the looking glass; the way marketing works is entirely not intuitive. The first thing new companies do is build a marketing stack or operation, and start spending money, but marketing doesn’t work the way it looks like it works. It’s simple to understand, but not easy to grasp. And in fairness, FlashPointLabs considers itself in the top 5% of Internet marketing agencies in the world. So, we’re really speaking to people who want extraordinary results, not people who are happy going from ‘zero to one’.
Chapter 4

When To Say ‘No’ To Features And Pivots, And When To Say ‘Yes’

Jason Fried and David Heinemeier Hansson, the founders of 37 Signals, wrote a manuscript Getting Real (available in .pdf) that became the basis for their legendary book, Rework. Among the solid advice they offer is to ‘say no’ to feature creep. Yet we know that ‘your customers tell you what business you’re in’. So, how do founders reconcile this advice?

In another blog post, we cite some bad advice for starters. Among that bad advice is the maxim ‘never give up’. Well, yes and no. Are we talking successive permutations and iterations of a single project, or successive projects? We’d say, eventually, abandon the first if you don’t find success, move to something new, and don’t give up. Starters (entrepreneurs) are famously hard-headed and wired to build; so fixating on one particular thing forever, expending resources when there may be other projects that would succeed, isn’t good advice. It’s called ‘opportunity cost’.

What keeps starters fixated on getting one particular idea to succeed? Habit. Identifying with it. Denial. There is also a thing called sunken cost fallacy (seeking unlikely redemption based on the assumption that losses cannot continue to mount, believing things will turn around). You want to have a gut check at some point and not be so married to one particular project or venture succeeding – after you’ve tried it a variety of ways – that you ‘go down with the ship’ and miss opportunities to start anew, taking lessons learned from one project failing (which is actually only feedback).

But we digress. The point is that there’s seemingly contradictory advice, everywhere. The truth is, the truth is more granular and case-contextual, and these aren’t really contradictions.

What the expression ‘your customers tell you what line of business you’re in’ means that the foundation of all sales is addressing a pain-point. Many times the evolution of the success of a person’s career, product or service is pivoting, in response to customer request or demand.
There are numerous examples of this. PayPal was initially conceived as a way for Palm OS owners to send money, peer-to-peer. People began using it to send money for purchases on eBay, as an alternative to much slower and more risky paper checks. After initially resisting, Elon Musk and Peter Thiel gave in.

Their customers told them what PayPal was going to be.

Jerry Yang (Yahoo!) and Craig Newmark (Craigslist) began their Internet empires with directories. Eventually, Newmark moved from emailing those directories to launching a website. And Yang expanded the directories at Yahoo! to make it, effectively, the ‘front page of the Internet’, long before Reddit. Later the company grew to include service verticals that became a kind of Internet within the Internet. In both cases, they were offering service, usability, and value to their customer base.

Their customers told them what their product was ultimately going to be.

In both cases, they didn’t start out with what they ended with, with what was most useful to their users. It’s critical to note that this ‘responsive’ adaptation to their customer base (qualitatively changing platform, or quantitatively scaling directories) is not the kind of pivot we traditionally see in the startup community, where founders aren’t meeting success, and – pressured by investors or mentors or regulators – attempt to rescue success from the jaws of failure. We’re talking about a customer-directed ‘pivot’, which is really just good business. That’s what is meant by the expression: ‘your customers tell you what business you’re in’.

It means not only that, to survive, you have to go to where the business is, with your service offering, but also that such customer-centric pivots can help businesses thrive. To be clear, these ‘adaptations’, or ‘alterations’, or ‘baby pivots’ are typically a retooling or repurposing of the same leadership, infrastructure, personnel and other resources. If it weren’t retooling or repurposing, it would amount to a new or successive business endeavor or project, altogether.

We’re talking about – the choice to go a subtly different direction – shifting maybe 1/2 a degree in terms of the ‘360 degrees’ a business can potentially go. And sometimes this happens a few times for a single startup. The general direction or initiative is the same, but it’s done differently, or added-to.

We’d bet that this kind of pivot – customer-prompted, subtle – results in success more times than when starters or founders direct it, though we’d love to see a study on this.

A startup endeavoring to ‘pivot’ out of an unsuccessful market, line of business, or service offering – through its own selection and direction – is different than a startup pivoting after *listening* to customer demand. One is much more validated and likely to succeed.
What about Fried and David Heinemeier Hansson’s advice to say ‘no’ to customers, to not compete on features?

Great question. You have to consider the context of both Getting Real and Rework. 37 Signals had built Basecamp, Highrise, and other cloud entrants to the CRM and project management markets, as a response to feature-rich, cluttered, and ultimately user-unfriendly software (MS Project, Outlook, etc.). They really pioneered the use of negative space and simplicity in enterprise cloud applications for business productivity. Apple may have been more user-friendly than Microsoft, but Basecamp was simpler and more user friendly than anything around at that time.

This made it unique, and it felt like the sun on your face to use. People adored their software’s minimalism.

Because of the inherent mutability of software, where changes can be a SCM or git repository ‘push’ away, there is a tendency to overdo things, to over-engineer.

Consider, again, the times: not only was the most popular productivity software beginning to suffer bloat, people were people beginning to get inundated with spam email and banner ads on this newish thing called the Internet. Remarketing was becoming a thing. Information overload. Too many options. Brain drain trying to just get something done, was beginning to manifest. In that context, ‘less is more’ was a kind of Unique Sales Proposition that would have been undermined by adding features and trying to please everybody.

Also, everything comes at a cost. If 80% of your users want a feature, and it doesn’t require that you alter your core differentiator, if it’s cost-beneficial, add it. But it will slow things down, some imperceptible amount. It’s another data node for users to ingest and consider. It will slow servers down some imperceptible amount.

But adding features for a couple high-maintenance customers, because you can, might not be a good idea. It can also become a slippery slope, opening the door for feature creep, and less valuable features being added, later on.

At some point, you have to say no.

So, this should be clear as mud at this point: listen to customers, but not always. You’re ultimately the ‘decider’.

In the case of 37 Signals, their core differentiation (USP) lay in offering less, so they were probably leaning more than the average company against complicating and cluttering things.
What about adding features that don’t undermine your USP, or how you’re different?

Those come at a cost, also. Everything does. And it’s a mistaken approach to Frankenstein features onto your product to ‘keep up with the market’, a) because it actually makes you blend in more with your market, and b) because you should never be competing on a plurality of ‘features and benefits’. You should be competing on the fact that you’re the one company that does the one thing for a niche market. In other words, you’re not competing; you’re a monopoly. We have another post on exquisite targeting and differentiation: if you’re the only company selling Sno-Cones in the desert, you can name your price. Allan Dib, whom we credit with this example, is 100% correct.

If you’re the only option, you don’t have to change – it’s your call. But you never want to pivot or change in a way that makes you like everybody else; even if you still offer your other uniqueness, the drive-by will put you in a class with lesser players. It’s like Superman building his own suit Batman Suit, because Batman has one. It makes no sense. He’s Superman.

It doesn’t erode his x-ray vision, super strength, speed, or ability to fly, but it kind of does: it puts him on a platform to be compared with mere mortals like Bruce Wayne.

So factors like cost, value add, demand, whether, how and how much it hurts your brand differentiation – are all factors. Founders should always go with their gut and not be afraid to say ‘no’. As many wins have come from that word as from saying ‘yes’, probably more.

The trick is knowing when either word is the best course.
I vividly recall watching an episode of Bar Rescue some years back. The episode was about a pirate-themed bar in downtown Pittsburgh, Pennsylvania. They had a cluster of problems, and as is often the case, those problems are easily diagnosed and corrected by others, from the outside, but the bar just couldn’t seem to get them sorted out. Those problems include:

- Their theme – a pirate ship galley – was out-of-place in the area, which was mostly professionals looking for a place to relax and socialize or network after work; a place to schmooze clients during the day. A sort of culinary Disneyland for adults, the themed bar included not just pirate décor and lighting, but full pirate dress for the servers and staff.

- The male chef had some personality issues and wasn’t the most popular person at the restaurant, but he was protected by virtue of the fact he was in a relationship with the female owner, creating a kind of toxic political situation, with overlapping relationships (business and romantic). His input and whims mattered more than they should, and his mistakes were immaterial.

- The staff were over-pouring drinks, and the business was losing money by effectively giving away alcohol.

- The drinks were sweet island drinks and not really suited for the clientele or demographic in the area. The cost margins were also bad.

- The bar suffered from low morale and high turnover.
- Lastly, the bar/owner was $900,000 in debt.

So, the Bar Rescue TV show came to help them out.

It’s important to ask yourself: Do you want to win, or do you want to win your way? This can be writ small – in how you’re addressing your market’s needs – or writ large, by asking whether you’re in the right market or line of business entirely. Maybe your goal is to be wealthy, and *not necessarily* be wealthy as a world-renown rock guitarist. One of these objectives is decidedly more difficult to achieve.
So the Bar Rescue team arrived and all got to work. Like The Apprentice, their schtick is to be so competent and experienced they can be rude, feeding the drama. Otherwise you wouldn’t have a television show.

They call the shots; and everything the advisors say makes a lot of sense. Again, it’s kind of easy to spot and cure other peoples’ problems.

Working with the bar owner, they begin changing menus, staff attire, retraining employees, and remodeling the restaurant. I they called the new bar metro or something on-the-nose. The design was modern: glass and steel.

To wit: it no longer looked like a tourist attraction – oddly situated in the Financial District of downtown Pittsburg.

They advertised and planned a grand reopening all over downtown Pittsburg. The day came and they were gangbusters. The changes were a brilliant success.

The Bar Rescue TV show people moved on, went to focus on another bar in need, and checked-in after some months.

The owner had reverted back to the pirate theme. Except, because they’d lost their lanterns and woodwork and ‘galley’ appearance, it was now people dressed as pirates, serving island drinks, in an industrial steel and glass, modern bar.

They changed the menu back.

They were back to drama in the kitchen, over-pouring drinks, low morale – and were a worst of both worlds hybrid of the pirate theme, and the ‘metro’ theme.

They weren’t doing much business. And they were back to losing money.

The bar owner didn’t want to surrender the idea of winning *her way*. In another location – or even city (Clearwater, Florida), this might have been a great success.

It may or may not be a good idea to pivot every time the season changes. We’re not saying that. In fact, we address that in another article. But if you have a winning formula, going back to something that you know doesn’t work is basically self-sabotage.

The take-home lesson here is: ask yourself if you’re insisting on getting the win, or getting a win, any way you can. The broader your objective, the more ways there are to achieve it, and the more flexibility you have. In researching for this post, I learned the bar owner actually blamed the Bar Rescue show for the business closing a few years later.
Chapter 6

Advice For Startups,
Based On Our Experience

Genius startup icon and legendary businessman Peter Thiel has a question he asks anybody he’s considering for a key role in one of his ventures: “What’s your secret? What do you know that nobody else believes? What are they all wrong about?”

Why Do Some Startups Fail, While Others Succeed?
According to Startup Genome, it’s often that they self-destruct, not that they’re taken out by competition.
Leaving out uncontrollable factors like timing, which is huge (Airbnb, Lyft and Uber were greatly aided by the 2008 Mortgage Crisis and people searching for side hustle incomes), leaving out temporary fads, and leaving out superficial causes of success, like branding, fear of missing out, or curiosity – when they don’t also accompany product value offering or market demand – what’s the secret of some endeavors’ success? Is it one thing, or many?

Is there a science to succeeding in business – be it with product, service, experience, access point, or other purchasable something?
We believe there is. We have a list. Some permutation of what follows, below, is present in almost every big success story. From 20,000 feet, it’s a product or service reaching a market, and delivering a solution or experience that’s special – either because it’s head-and-shoulders above the rest in terms of quality, because it does something the others do not. In most of these cases, advertising wasn’t really necessary. It met a demand so well that consumers spread the word about it, and it conferred social credit to recommend.

- Find a need and fill it. This can work, if you don’t have a mature or competitive market. The problem is it doesn’t put you in your client’s shoes. Ideally, you want to serve your own need. It gives you great insights into your customers – since you are on. Anybody can see a ‘need’ and start any business, knowing nothing about that client demographic. It’s better advice to get into something you know about, or, ideally, love. Boeing famously transitioned out of the timber industry into aerospace, when there weren’t but 10 or so companies making airplanes. They had a massive war chest. They had better management than many. They hired some engineers and the rest was history. Today, this would be bad advice. You want to be inside the demographic you serve, in a place to understand your demographic’s culture.
• **Never give up.** This is also advice that doesn’t really work every time. There are times when it’s appropriate to throw in the proverbial towel, as it regards one particular pursuit. We hear stories of people persevering and eventually finding success, only when there are other factors – like being differentiated, having a great product, demand existing, the market understanding a product, timing, etc. – that influence success. That’s a limited sample. We don’t hear about failures who never gave up (often due to sunk cost fallacy). We would say keep trying different things, rather than keep trying, in general.

• **Follow your passion.** Only if people want your passion. If you have a passion for collecting earwax, success is going to be difficult. We are moving toward an ‘artisan economy’, where brands and people are fusing, where public and private are blending, where producers are versatile and cross-functional, and where the technology exists that enables one person to effectively wear an unlimited number of ‘hats’ and produce bespoke products of incredible complexity. This equates to an auteur or artisan economy. It’s not either industrialized, or non-repeatable or crafty. It can be both. It’s a very exciting time, indeed. That said, your passion may not have market demand, or may not have a market you can connect with through Instagram. We’d say consider – amongst your passions, because nobody has just one passion – which one has a demographic, and which one provides the most value to consumers.

• **Work harder than the next guy.** Again, this seems like good advice, but, as detailed in The End Of Jobs, the ‘new worker’ is starting their career wanting to work on their own terms. We don’t have many ‘workhorses’ these days, who want to grind 2,000 hours a year working for The Man, for 45 years, with the hope of retiring to enjoy what little life they have left. It’s better to have fun with your work, than work hard. And no, it’s not ‘work’ if you’re having fun. And there really shouldn’t be a ‘next guy’, if you’re really doing your calling. We’d say ‘devote yourself’ rather than ‘work hard’.

• **Offer the best price.** This is absolutely, positively, horrible advice. You never want to compete on price. We recommend The One-Page Marketing Plan for a detailed breakdown on why this is.

• **Work smarter.** Yes and no. If by ‘smarter’, you mean make things unnecessarily complicated (to show how clever you are), or you automate or otherwise remove your attention from processes, that will hurt quality, and you should never do that. How about be smart, rather than trying to find ways around devoting yourself and your time. Tim Ferriss is wrong. A lot, actually. He’s a gifted inventor, but his advice and book have made him a lot of money.

• **What Is Meant To Happen Will Happen (Don’t Have A Dream).** Not so much. Again, this is not good advice. It’s so not true we can’t think of anybody who did anything, who didn’t first ideate what it was they were trying to do, even if they ended up with an adjacent iteration of that dream. Nothing great is achieved without enthusiasm.

• **Have A Plan.** Plans don’t work. Have a goal. Have a system.
• **Have A Direction To Go; Answer The Call Of Your Dream.** This sounds self-explanatory, but a lot of people chose to fail by not choosing anything, or not getting going after it when they do know what they want or want to do. You have to have a direction go to. And you have to move. It helps if it’s something you love, that you’re good at, and that there’s a demand in the market for.

• **Have A Plan.** Don’t Have A Plan. “A plan is just a list of things that doesn’t happen.” (Way Of The Gun.) Plans get you nowhere. A) They’re written in the beginning when you know absolutely nothing about what you’re trying to achieve. B) They don’t account for eventualities – both good and bad. C) Inasmuch as they do take eventualities into consideration, they aren’t ‘plans’. You’re dealing with interactive elements, not static elements; it’s game theory and strategy, not tactics you use on a dead system, so ‘planning’ is useless. You do better with principles and priorities, goals and dreams, than plans.

• **Offer Value.** Value can come in a variety of different forms. It can be the unrivaled feeling of owning a Picasso, or an easy checkout. Here are some ways to provide value to customers:

  1. **Execute.** Yes, we have to say it. Many often never implement their goal or dream.
  2. **Get Good At What You Do.** Yes, you have to work. That’s basically a value-add for any idea, product or service offering. It’s self-evident, but we’ll say it anyway.
  3. **Do What You Do Differently (Or Make Your Product Different)** Be different. Don’t worry about the size of the market that doing things (or making things) your way, is. Make sure there’s some market, but don’t get greedy. It only takes 1,000 true fans to support a comfortable lifestyle. And that’s not hard to find. You Will Produce A Different Product By Allowing Yourself To Be Different, Personally. Many business legends are eccentric. But it wasn’t being rich and successful that made them different. They thought different from the beginning. And that was why they succeeded. This is a great point from the book Rework: de-commoditize yourself. We call it ‘differentiating’. Be different so that you don’t fear competition. At a cellular level, if you’re following your sensibilities, necessarily, it will be impossible for anybody to imitate you.
  4. **Get Even Better At What You Do.** Get even better at what you do, or what your product does. Don’t rest with being better or different. Make the decision easy for your customers. This is key. The dividends you get from this are more than just sales; you get to such a revered place that you are the hands-down choice, and your customers actually do your marketing for you, telling the world about you.
- **Do What You Do What You Do Consistently.** Self-evident, but believe it or not, many people switch endeavors too often to get traction. While you don’t want to grind yourself down when you’re meeting failure (without diagnosing or pivoting), you don’t want to skip from pursuit to pursuit.

- **Let People Know What You Do (Share – In Both Clever And Obvious Ways)** This is where a lot of people get tripped up. They don’t share what they’re doing. Either because they’re afraid, or shy, or lazy. But all success is crowdsourced. That ‘selective sale’ needs to happen thousands of times to create a ‘success’. It’s not hard to know where people should submit their work for people in their client demographic to see it, but people don’t always do this.

- **Find Allies (If It Makes Sense)** Not every venture requires a team, but many do. If you’re struggling to realize what you’re trying to do, it might make sense to find allies or investors. That said, they should pull their weight, and not be there for moral support or out of sentimentality (see Silicon Valley for examples).

- **Scale, But Don’t Sacrifice Quality.** This is a basic equation, more sales means more profits. If what you’re doing is limited to what you, yourself, are able to produce, it’s going to limit your profit potential. Just something to consider.

- **Be Nimble Enough To Pivot If You See An Opportunity.** This is a tough issue: when to pivot vs. stay the course. We offer no advice on this; you’re the person in the best place to know whether an adjustment will help you find a market, or meet success. It’s been said that ‘customers tell you what your business is’. PayPal, famously, was begun to permit Palm OS users to send money to each other. People began to pay each other for eBay purchases. Thiel and Musk and the other PayPal founders initially resisted this, but then they didn’t. They were in a place to know what was the best option. We’ve never heard of a company pivoting away from something that would have worked, given enough time, though that would be hard to prove. Usually, people fail to pivot and the thing dies. Or they pivot and the thing dies.

- **Adapt As Obstacles Emerge Along Your Path.** There is no straight line to the win. There are always challenges and obstacles that emerge. To talk about PayPal again: there was massive fraud when it first emerged. They had to use a variety of stacked technologies to limit fraudulent use, early-on. The entire idea was in jeopardy. But eventually they got it figured out. The thing to note is: when they had problems with fraud, they dealt with the problems with fraud. They didn’t ignore it. They didn’t pretend it didn’t exist. They didn’t focus on another area. There’s primarily one breakdown point with anything, one area that costs the most. So, the things you do to adapt an idea or product or service to success, seen in retrospect, is a narrative, or story.
• **Make The Journey The Destination. Enjoy the ride.** "With a job, you can’t wait for the day to end. With a career, there aren’t enough hours in the day to get done what you need to get done." (Chris Rock). Lose yourself in your work. You’ll burn out if you’re not having fun, and you’ll produce lower-quality work along the way.

• **You May Not Be Able To Get Where You’re Going As ‘You’.** Joe Dispenza And Deepak Chopra point out that, in your most relaxed state, you are really just potential. Your ‘personality’ is a collection of habits and ‘takes’ that you selected at some point, and are somewhat arbitrary. We’re not talking about values or preferences. If a person builds confidence as a public speaker, or acquires a great social skill set, can we say they are the same person? This raises interesting philosophical questions. While needing to change, or pressuring yourself or rejecting your ‘self’ is not a good idea for your self-esteem, it’s only natural to be transformed by a journey.

• **Your Frenemies Gotta’ Go.** Haters often aren’t supportive because you expose their failings. Naysayers have derailed more than one dream. We can often deny that they’re bad for us, because the realization that people close to us can be so petty and fearful is painful. Cut them loose. It’s a childish mistake to believe any toxic relationship (one that doesn’t support your dream) is worth giving up your dream for. Sometimes people come around later on, when they’ve been proven irrelevant, and when you’re blindingly successful, but not always. So, cut the dead weight. This ranges from friends and family to paramours. Success can transform you, if you devote yourself. Holding on to the person you used to be may not be optimal. If you identify as a stoner, than getting up early – regularly – to train for a marathon is going to be a problem. That’s the extreme and obvious example. But what if you see yourself as ‘shy’ and need social networking or sales skills?

• **If You Fail, Learn And Try Again.**

• **Focus On Systems, Rather Than Goals.** Goals often fail because we’re not happy when we are in pursuit of them, and we are only briefly happy when we’ve attained them. In other words, make the new iterations of what you naturally, organically to, independent of outcomes. Scott Adams talks about this in his book: How To Fail At Almost Everything And Still Win Big In The End.

There’s a film, The Founder, about Ray Kroc, the man credited with creating what we all know as McDonald’s, today. Along his journey, he did almost everything we cite here, and he was able to adapt to exigencies and obstacles.

Kroc had a dream, he followed it. It was differentiated. There was demand for it. He worked consistently. He found investors who believed in what he was doing. He adapted as problems arose. He scaled.

Kroc was a milkshake blender salesman who discovered the first McDonald’s in San Bernadino, California, when he goes to investigate why they need so many blenders.
Differentiating. It turned out they had a system for delivering burgers faster than anybody else, by using thoughtful and clever implements and systems.

Answering The Call. Kroc takes them to dinner and asks them about franchising, but they explain they already tried that, and it didn’t work: franchisees were lackadaisical about following their system. Kroc persists, and they eventually agree.

Adapting. Kroc opens a McDonald’s franchise in Illinois, after finding some investors, but encounters the same problem McDonalds’ had seen before: wealth owners didn’t realize the value, the speed and differentiation, stemmed from a system. And that the class of franchise owner he’d been choosing was the problem. Kroc starts to find family-minded, middle-class owners, setting up financing for them to own McDonald’s franchises, and offering the dream of owning their own business.

Adapting Again. Kroc eventually has problems with refrigeration costs, which he deals with by implementing the innovation of powdered shakes.

Seeing An Adjacent Opportunity. At one point, despite a number of McDonald’s locations being open, Kroc is pinched financially because of the binding contract he has with the McDonald’s brothers. His accountant recognizes the real value of the franchise is in the real estate the restaurants sit on. Kroc gets some investors, and begins Franchise Realty Corporation.

So, that’s it. That’s what we know about when and how things succeed. There are companies, like Amazon, that succeed brilliantly by being better able to serve a large demographic. They aren’t really competing on price, or a feature set; it’s more that they’ve just made things so easy, that they’re the obvious choice. Like McDonald’s making things fast.