

## **Fifty Rules for Being a Great Entrepreneur**

An experienced entrepreneur, hedge fund manager and author named James Altschuler set out a whole bunch of “rules” for being a successful entrepreneur. He has founded or co-founded more than 20 companies, including Reset Inc. and StockPickr. He says he has failed at 17 of them! We “borrowed” his list in its entirety, then added a few and did a bit of editing. The result should be fun to read, and perhaps surprisingly, even helpful!

### **Being the Boss:**

1. **Being an Entrepreneur may not be fun.** There’s a strong chance you can hate yourself throughout the process of being an entrepreneur. Keep sharp objects and pills away during your worst moments. And you will have them. Remember, if this were easy, mere mortals would be doing it.
2. **Try not to hire people.** You’ll have to hire people to expand your business. But it’s a good discipline to really question if you need each and every hire.
3. **It’s OK to fail.** Start over. Hopefully before you run out of money. Hopefully before you take in investors’ money. And if you decide you will fail after you have taken investors’ money, own up to it. Tell them it isn’t working and give them as much of their money back as you can.
4. **Be profitable.** Try to be profitable immediately. Really, make money on the first product you ship. This seems obvious, but it isn’t.
5. **Raising money is easy.** If it’s not easy, then your idea is probably incapable of supporting a money raise. If it is easy, then take as much as possible. If it is TOO easy, then sell now (unless you are Twitter, etc.).
6. **Don’t have someone else do your PR.** You are the PR for your company. You are your company’s brand. You personally. If you don’t feel comfortable “out in front,” get comfortable. Especially if it’s your idea. And if you are not good at presenting, learn how. It’s not a native skill. The best presenters get there by practicing.
7. **Communicate a lot.** With everyone. Employees. Customers. Investors. All the time. Every day. Till you are blue in the face. Long after you are bored telling the same story.
8. **Micro-manage all software development.** (Even if your product isn’t software.) Nobody knows your needs better than you do. If you aren’t a technical person, learn how to be very specific in your product specifications so that the programmer can’t say, “Well, you didn’t say that!”
9. **Hire local.** You need to be able to see and talk to your service providers. Don’t outsource to someone you haven’t met and can’t see in person. If they outsource to somewhere far away, that’s their problem. You hire someone whose hand you can shake.
10. **Buy your employees gifts.** Massages. Tickets. Whatever. Imagine that at the end of each day, your youngest employees will call their parents and their mom will say: “Hi honey! How was your day today?” You want them to be able to say: “It was the best!”
11. **Give your employees boundaries.** Tell them what’s their decision to make and that you will tell them “no!” sometimes. But within boundaries, let them play.
12. **Don’t be greedy in pricing your product.** If your product is good and you price it cheap, people will buy. Then you can price upgrades, future products and future services at higher price points.
13. **Be greedy in pricing your product.** If there’s not enough in it for brand building or to support your distribution chain, your product won’t get there.



14. **Give employees a view of their future.** Let each employee know how his or her path to success can be achieved. All of them will either leave you or replace you eventually. That's OK. Give them the guidelines how that might happen. Tell them how they can get rich by working for you.
15. **Fire disloyal employees immediately.** If an employee gets "the disease," he or she needs to be fired. If they ask for more money all the time. If they bad mouth you to other employees. If you even think they are talking behind your back, fire them. This disease has no cure. And it's very contagious. Show no mercy. Show the employee the door.
16. **Make friends with your landlord.** If you ever have to sell your company, believe it or not, you are going to need his or her signature (because there's going to be a new leaseholder). Moreover, if your money gets short, he or she will be first stop on your cost reduction journey.
17. **Don't move offices.** If you are so packed in that employees are sharing desks and there's no room for people to walk, wait six months, then start looking for new space. Space is overhead. Overhead does not contribute to sales or profit.
18. **Manage employee crying.** If an employee comes to you crying, close the door or take him or her out of the building. Sit with them until it stops. Listen to what he or she has to say. If someone is crying, then there's been a major communication breakdown somewhere in the company. Listen to what it is and fix it. Don't get angry at the culprit. Just fix the problem.
19. **Have lunch with your competitors.** Listen and try not to talk. And don't do anything illegal, like discuss pricing. But today's competitor is tomorrow's supplier, acquirer or partner.
20. **Avoid "meeting events" with other entrepreneurs.** These are mostly for the wannabes and the unhappy. Work instead while they are partying.
21. **Always take someone with you to "the meeting".** You're bad at follow up. Why? Because you have no free time. So, if you have another employee, let them follow up. Plus, they will like to spend time with the boss. You're going to be a mentor.
22. **Don't look for resellers.** Nobody really cares about reselling your service. Those are usually bad deals. Instead, look for distributors who have a reason and a profit motive to drive your brand.
23. **Angels introduce Angels.** But your lawyer or accountants are not investors and they aren't going to introduce you to any of their clients. No matter what they say. Those meetings are always a waste of time.
24. **Celebrate every success.** Your employees need it. They need a massage also. Get a professional masseuse in every Friday afternoon. Nobody leaves a job where there is a masseuse.
25. **Don't worry about anyone stealing your ideas.** Ideas are worthless anyway. It's okay to steal something that's worthless. If it's a product or a technology? That's different. If it is really unique, and you want to sell it to someone down the road, apply for a patent now.

#### **Customers:**

26. **Get a customer.** This seems obvious. But it's not. Get a customer before you start your business.
27. **If you are offering a service, call it a product.** Oracle did this. They claimed they had a database. But if you "bought" their database, they would send in a team of consultants to help you "install" the database to fit your needs. In other words, for the first several years of their existence, they claimed to have a product but they were really a consulting company. Don't forget this story. Products are valued higher than services.
28. **Do everything for your customers.** This is very important. Get them girlfriends or boyfriends. Speak at their charities. Visit their parents for Thanksgiving. Help them find other firms to meet their needs. Even introduce them to your competitors if you think a competitor can help them or if you think you are

about to be fired. Always think first, “What’s going to make my customer happy?” Customers aren’t everything – they are the only thing.

29. **Your customer is not a company.** There’s a human there ... some guy or some woman who you need to love you. What will make your human customer happy? Make him or her laugh. You want your customer to be happy. And to love helping you succeed.
  - a. **History.** Know the history of your customers in every way. Company history, personal history, marketing history, investing history, etc.
  - b. **Show up.** Go to breakfast/lunch/dinner with customers. With your people. With your banker. With your investors. With your suppliers.
30. **Ask customers for advice.** As your customers advice on how you can be introduced into other parts of their company. They will want to help you because it makes them feel good.
31. **Hire your customers.** Or not. But always leave open the possibility. Let the prospect that you might be a “great place to work” dangle in the air between you. They can get rich with you. Maybe. Possibly. You never know.
32. **Surprise customers with extra value.** On any demo or product delivery, include one feature that was not expected. Always add bells and whistles that the customer doesn’t expect or didn’t pay for – or doesn’t know they paid for.
33. **Think global.** Understand the demographic changes that are changing the world. Where are markets going and growing? How can you be in the middle? What services do aging baby boomers need and how can your product help them? The world is running out of clean water and your product can help. Newspapers are going to survive – and only you know how. Read every trade magazine and periodical you can so you can learn what’s going on from every perspective.
34. **Have killer parties.** But use your personal money. Not company money. Invite employees, customers and investors. It’s not the worst thing in the world to also invite a celebrity or two.
35. **At the holidays, donate.** Even if you have to do it five bucks at a time, give money to every customer’s favorite charity. Forget the investors or your employees. Customers value those who support their values.
36. **Eliminate sign-up friction.** The harder it is for a consumer or a customer to “sign up,” the fewer buyers will sign up. Don’t make it hard to buy from you – with e-mail fliers, “call for pricing,” sales people call backs, no confirmation e-mails, sign up forms, etc. If you are selling from a website, have as much content as you can on the front page. You don’t want people to have to click to a second or third page if you can avoid it. Stuff the first page with content.
37. **Write right now.** Set up a blog. Send out a newsletter. Tell your personal stories. Let your customers, suppliers and investors know you are human, approachable, and have a real vision. Become the voice for your industry, the advocate for your products. If you make skin care products, tell your customers every day how they can be even more beautiful than they currently are. If you are selling hot dogs, tell people about the best Fourth of July ever.
38. **Give equity to get the first customer.** If you have no product yet and no money, then give equity to a good partner in exchange for them being a paying customer. Note: don’t blindly give equity. If you develop a product that someone asked for, don’t give them equity. Sell it to them. But if you want to get a big distribution partner whose support can keep you going forever, then give them equity.

### **Selling Out:**

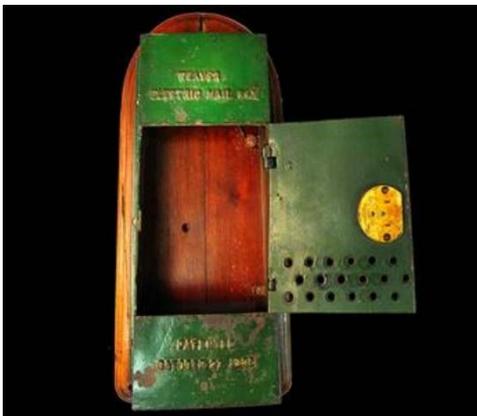
39. **Selling your company is easy.** If it’s not easy, then you need to grow it more. Then sell. To sell your company, start getting in front of your acquirers a year in advance. Send them monthly updates

describing your progress. Then, when they need a company like yours, your company is the first one that comes to mind.

40. **Competition is good.** It turns you into a killer. It helps you judge progress. It shows that other people value the space you are in. Your competitors are also your best potential acquirers.
41. **You have no more free time.** In your free time, you are thinking of new ideas for your customers, new ideas for services to offer your customers, new products for your customers. Evaluate every phone call, every meeting. Could this be turned into “free time” when you can work for your customers? Then think of ideas for potential customers. Send them e-mails: “I have 10 ideas for you. Would really like to show them to you. I think you will be blown away. Here are five of them right now.”
42. **Don't blame the economy.** Depressions, recessions, don't matter. There's \$15 trillion in the U.S. economy. You're allowed a piece of it. The rest is just excuses.
43. **Don't tell, sell.** Tell everyone you ever knew what your company does and sell them on why you are the world's best at it. Your friends will help you find clients and buyers.
44. **Sell now.** Sell your company two years before you sell it. Get in the offices of the potential buyers of your company and start updating them on your progress every month. Ask their advice on a regular basis in the guise of just an “industry catch-up.”
45. **Get to cash.** If you sell your company for stock, sell the stock as soon as you can. If you are selling your company for stock it means that the buyer values their stock less than they value cash. This should tell you something.
46. **The second billion is easier than the first.** Sell your first company. Don't take any chances. You don't need to be Mark Zuckerberg. Sell your first company as quickly as you can. You now have money in the bank and a notch on your belt. Make a billion on your next company.

#### **All About You:**

47. **Sleep.** Don't buy into the 20 hours a day entrepreneur myth. You need to sleep 8 hours a day to have a focused mind.
48. **Exercise.** Same as above. If you are unhealthy, your product will be unhealthy.
49. **Be emotionally fit.** Don't have relationship problems and software development problems and customer service problems at the same time. Investors and customers will smell this.
50. **Don't kill yourself.** It's not worth it. Your employees need you. Your children or future children need you. Most books or “rules” for entrepreneurs talk about things like “think big,” “go after your dreams.” But often dreams can go awry. If they do, so what? Don't kill yourself.



The First Online Reminder – The electronic sound of incoming mail in your inbox (“You’ve got mail”) was patented in 1885. When mail arrived in a postal box, the letter carrier pushed a mechanical button which rang in the house.

The First Online Pet Products Company – Online retailer Pets.com went public in 2000 with less than \$6 million in lifetime revenue. Ten months later, it liquidated its assets, having burned through \$300 million.



The First Home Dinner Delivery – Hector Boiardi (*boy-ar-dee*), a Cleveland chef, was perhaps the first to introduce take-home meal kits. During World War II, he canned his pasta meals, popularizing Italian food.

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