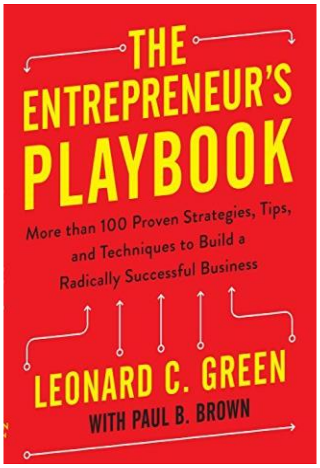
"The Entrepreneur's Playbook"

More than 100 Proven Strategies, Tips, and
Techniques to Build a Radically Successful Business



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From the cover bookflap

In *The Entrepreneur's Playbook*, Len Green, an experienced investor, entrepreneur, and business professor, shows that the path *from idea to market* is full of misconceptions. Practical, to the point, and full of interactive, exercises, the book explains what really works and what doesn't, to reduce the risks you face in trying to create something new. The book provides more than 100 examples of start-ups – such as Bigelow Tea, Canyon Ranch, and Stacy's Pita Chips – that have struggled with setbacks, spotted opportunities, and ultimately succeeded, plus the lessons learned from the author's own startup adventures.

A quick word from the author before we begin:

Len makes a critically important distinction between a ***strategy*** and ***tactics.***

". . .*most people get the big picture – what is traditionally referred to as* ***strategy****; it is at the* ***tactical level*** *that they fall down*."

So in order to overcome this approach which most books on starting or successfulllly running a business use, he has organized this book by **principles**, not **chapters**.

PRINCIPLE 1

Find a Marketplace Challenge That
Needs to Be Solved or Improved

The author begins by making an observation. He's found it's easier to teach Grad Students than CEO's. And, it's also easier to teach Undergrads, rather than Grad Students. And he carries that assumption down in ages into high school and even elementary school.

His reasoning goes like this:

". . .the younger you are, the more open you are to new ideas. As we get older, the more we think we know. The problem with that, as Mark Twain pointed out, is clear: 'It ain't so much things we don't know that get us into trouble; it's the things we know that just ain't so'."

To accentuate his point about the younger you are, the better you are at creating new ideas, he gives a real life example using a class of 5th graders he challenged first to come up with ideas for changing (i.e. "enhancing value") a plain drinking mug. He then did the same with a cell phone but he gave them this assignment: ***"It's five years from now: How will you be using your cell phones? I want you to compile a list of as many functions as you can."***

Once again, Len was amazed at the list of ideas the teams of four came up with.

And so you don't just think you have to be younger to come up with great ideas, Len offered this idea which he expects someone at one of the big box store to pick up and run with:

"As you enter the store, let's say a Super Walmart, which sells everything a typical Walmart does, plus groceries, you receive an email on your phone (or text) asking if you would like to download a detailed map of the store and see what is on sale. If you click yes, not only do you get a map complete with a search function (looking for cereal, it's in aisle 22 on the left), but as you approach the cereal aisle, you are offered a coupon, via your cell phone, for $1 off a box of Cheerios."

And as he points out, this technology to do something like this is already here today.

Probably some 'adult' guy in the marketing department at Walmart is already trying to justify why this won't work. A smart one would claim that he already had this idea and Len is just copying it.

Len gives his three reasons why the older you are, the more the less likely you are to spew forth all these creative ideas. First, *"The older we are, the more we've seen, so there is a tendency to be skeptical and say, "No, that will never work because. . . ".*

Secondly, new ideas often fail and many of us are too worried about looking foolish and so we tend to stick with the 'safest suggestions'.

And his third and most important point contradicts the saying that, "*No one will beat a path to your door to buy the perfect mousetrap".* His point is that instead of coming up with an entirely new idea, ". . .*start by improving on something that already exists to solve a real problem that people have.*"

So why shouldn't you focus on coming up with an idea or product that has never existed before? Here are the 3 reasons the author gives for why it's better to first make sure it solves a market need that exists, and then improve upon an **existing** idea or product:

1. *"You won't have to spend a lot of time explaining what you have."* He uses an example of the Polaroid camera and how long it took them to educate the market.

2. *"It's a problem if your idea is a solution to no known problem".* Here he uses the *Wall Street Journal* as an example. Trying to come up a better version of an already very successful product idea will be difficult to get people to select over the version with which they already are very content.

3. *“. . when you start with an idea, you have to go out and find customers. This is no easy task. When you begin with a market need, you already have them. They’re the people who are looking for a product or service like yours – one that solves a problem they already have.”.*

A ‘stapler’ is one good example I can think of that supports Len’s 3rd point. Staplers had been around for a long, long time but someone came up with the idea of making a stapler that didn’t need much pressure applied at all to go through several sheets of paper. These are the only kind of staplers I now buy.

Here’s another semi-shocker to many would-be entrepreneurs who have been told over and over again that you MUST start with a detailed ‘**business plan’**. Here’s Len’s logic:

> *“Many of my fellow professors at Babson College spend hours teaching students how to create a business plan. I don’t spend a minute on it. It’s not that I think planning is a waste of time. I believe it can be extremely valuable. It’s just that having a detailed business plan can give you a false sense of security. If you are overly dependent on it, the first time you encounter something that you didn’t expect - which will probably happen on day one – you’re going to be at a loss. Instead of developing a detailed business plan, a better approach is to do the minimum amount of planning that will get you under way and adjust as you go (depending on what the market tells you) . . . .”The easiest way to get confirmation that you’re on to a great idea is to explain your concept in a ‘**Rocket Pitch’** (some people call it an Elevator Pitch) of thirty seconds or less, and then ask, **‘Is this something you would invest in?’ “***

Having helped put together a number of business plans myself, I have to confess that the other point about how your detailed plan can lull you into a false sense of security is due to the financial assumptions you come up with which are almost always a “**SWAG**” (Scientific Wild-#@# Guess).

There are four (4) rules that Len provides that can summarize everything to this point and why it’s better to *“… begin by searching for existing products/services that can be modified to solve a problem or [be] improved.”*

<u>Rule #1</u>
‘*Investigate what products are in the market place and make yours better (faster, more effective, etc.)”.*

<u>Rule #2</u>
“When others see problems, you should look for opportunities.”

I was just in Boulder, Colorado for a Homecoming of my alma mater – the University of Colorado. As I was driving to downtown, I passed by a school. Parked on the curb was a “***Whole Foods***” truck that was obviously selling prepared food or snacks to the students and there was a long line waiting to purchase items. I will bet you someone realized the attraction of having better choices of food than just cafeteria ‘mystery meat’ and vending machine junk food and came up with this solution. Whole Foods was already a very accepted brand and almost a status symbol. Did you notice that Amazon has purchased Whole Foods?

<u>Rule #3</u>
“Don’t give customers what they say they want, give them what they need.”

Len’s point here is that often the customer doesn’t know that they need something. He cites Steve Jobs who was a genius at identifying these products and thus the iPhone and iTunes.

Rule #4
"Utilize the Pareto 80/20 rule"

This concept has been proven to be accurate across all industries (80% of the company's revenue comes for 20% of the product line) or with people (80% of revenue is produced by the top 20% of a company's sales force).

Perhaps a better 'word' than '**utilize**' the Pareto 80/20 rule is to '**accept**' the 80/20 rule and then find ways to move more of the 80%ers into the 20%er column. On page 13, Len gives some good examples of ways to 'incentivize' positive behaviors among the 80%ers.

One of the reasons why this book is so valuable for anyone starting or running an existing business is that at the end of each chapter (Len calls them Principles), he gives a series of ***Takeaways***. After you read the chapter, these points help reinforce what you've read but they also add some new flavor to concepts already covered. I will provide all Five of them from this chapter, but for most of the future chapters, I'll give what I think are one or two of the best ones. You will want to own the book to have all of them.

FIVE TAKEAWAYS FROM THIS CHAPTER

1. **Don't begin with an idea**. *Start your search by identifying a large market need.*
2. **Make sure you are committed to it.** *"If you're not truly committed to what you are doing, it'll be much more difficult to raise the money you need and find ways to overcome the hurdles you will invariably face.*
3. **Make sure you are confident about the opportunity**. ". . .*you want to be as certain as you can be, going into it, that you have identified a significant market need."*
4. **Is the market need sustainable?** "*What can you imagine that might happen to put you out of business? (Changes in technology; the entrance of a far larger competitor determined to steal your sales? (How are you going to protect yourself today to keep that from happening?)*
5. **What is your contingency plan if the worst happens?**

PRINCIPLE 2
A Better Mousetrap Is Not Enough

You have heard the saying that people will beat a path to your door if you come up with a better mousetrap. Len begins this Principle by stressing that coming up with the better mousetrap is ONLY the beginning, after you have identified a big need in the marketplace, or one that will solve a huge problem:

> *"You need to figure out a way to tell people what you have and to position your product or service in a way that'll keep the competition from eating you for lunch (and breakfast and dinner too.) . . .The positioning and developing of your idea is as important as the idea itself."*

On pages 15 and 16 Len offers a great personal example that involved coming out with a drink (i.e. a better mousetrap) to compete against ***Red Bull*** – their creation - "***Mercury".*** It was created to fuse two categories – sports drinks (*Gatorade*) with an energy drink (*Red Bull*). It was not successful but he provides 3 lessons they learned from this:

1. *You must be prepared for your competitor to change its market strategy and pricing in response to how you choose to market your product or service.*

2. *You must have financial staying power.*
3. *You must have the will to persevere. (In their case, this wasn't their primary business so the need to stay with it wasn't critical).*

They made the decision to abandon Mercury and concentrate their money and their efforts to develop ***Blue Buffalo*** pet food. You now have probably seen the ads for what became a public company in 2015.

The next section of this chapter contains what I would consider to be one of the most important parts of the entire book. It first stresses the importance of '**building a moat'** around your product or service making it as difficult as possible for a competitor to 'one-up' you.

He quotes Warren Buffet who said, **"*In business, I look for economic castles protected by unbreachable 'moats'*** ".

Len describes '**moat-building'** as, ***"a business's ability to create and keep a competitive advantage in order to protect profits and market share over the long term***."

As an example, he talks about a hypothetical '**lemon stand'**. Anyone could easily become a competitor and so first you buy your lemons in bulk and can then become the low price leader. But when your competition learns what you're doing, they can easily do the same thing and you're then in price war and your profits would suffer. But what if you were able to develop and PATENT a juicing technology that would allow you to get 30% more juice out of a lemon. You've built a moat that at least would protect you for the foreseeable future.

In "***Moat Building 201***" Len emphasizes that a mistake many entrepreneurs make is that they only focus up front on maximizing revenue and profits, without spending the time to figure how to prevent competitors from duplicating or improving upon their product or service:

> *"You need to be thinking about what kind of moat you're going to have to protect your competitive advantage from day one."* You start by asking: "*How are you different?"*

On pages 20 and 21, Len offers ways - with descriptions and examples - of how to do this which you can read when you buy the book. They include: *"Low-price provider". . ."High-price/high-quality provider". . ."Fastest". . ."More convenient and user-friendly". . ."A better experience".*

FINANCING THE VENTURE

As a professor teaching entrepreneurship at Babson, Len was surprised at how many of his students didn't like numbers, or didn't want to talk about them. **True confessions**. I would fall into that category. I think people who are less comfortable with the financial side of things tend to believe that developing the perfect mousetrap will solve the financial challenges by themselves and yet most would agree that that is seldom, if ever, the case.

But Len also says that doing an exhaustive financial analysis with detailed projections up front is not necessary because things will change so quickly once you are out in the market-place. Here's what he says you do need to do:

> ***"Still, you need to have a good idea of how much money is going to be required to get you started."*** And his rule of thumb?
>
> ***"Figure out how much money you'll need to keep the company going for a year – with-out any revenues coming in – then add 30%."***

Not only does he advise that it will take longer than you think to: "***assemble a team, refine your idea, and get to market". . ."it will take more time than you could imagine to get paid for your product or service."***

DEBT OR EQUITY

Here's a reality check Len often encounters. Most entrepreneurs say that they don't want to give up equity and if they do so, they want it to be non-voting shares:

> "*Theoretically it's a lovely position to take. Now, let's talk about the real world. Investors who're willing to invest large sums in your idea are going to want to have a say. So, you can take the idea of two classes of stock – one that has voting rights, the other that doesn't or has limited rights – off the table. They'll never go for it*."

And don't think that investors are content with putting up all the money without you having some 'skin in the game'. As Len says, ". . .*potential investors are going to want to see that you have invested your own money – even if it's 'only' money that you borrowed from your family or friends – to get under way."*

So where do you go to find the money? Len offers 3 categories: Family, friends, or fools.

Len also gives some good reasons on page 27 why angel investors may want to invest and best ways to approach them. Then on pages 28-30, Len covers 3 areas that he says entrepreneurs don't pay enough attention to: "*Product Distribution". . ."Getting Paid". . ."Advertising*".

Here are Len's "**FOUR TAKEAWAYS FROM PRINCIPLE 2"**

1. ***Remember everything is possible.*** *Armed with your better mousetrap, consider each and every possibility to both protect and expand it.*
2. ***The kings of yore got it right: Build a moat***. *You need to know how you are going to protect your better mousetrap from the inevitable competition you are going to face.*
3. ***Involve your customers in developing your company's future***. *What products would they like to see? What features? Ask them about the problems they would like you to solve for them.*
4. ***Have (a lot) more money than you think you are going to need***. *Starting a business is tough. You don't want to make it tougher on yourself by running out of money.*

PRINCIPLE 3

If You Ain't Passionate About Your Idea, No One Else Will Be

In line with the heading, Len Green says this about 'passion' and it's something you don't read about in a typical 'business' textbook:

> *"You need to have overwhelming faith in what you're doing as you try to create something new; you're going to be giving up an awful lot of things as you get your idea up and running. You'll be sacrificing time with your family and you won't be seeing your friends very much. Your engagement in the outside world is going to shrink dramatically and you'll be thinking about your idea from the moment you get up until the second you fall asleep."*

The two typical responses Len says that he gets when he puts this statement out to want-to-be entrepreneurs:

> *"Well, that may have been the way people did it before, but I believe in work-life balance.*

I'm going to put in fifty or sixty hours a week getting the business up and running and that's it. I'll work smarter, not harder, and that way, I'll have time for everything else."

or

"Aren't you really missing the point when you talk about passion? My desire to make a lot of money is going to be more than sufficient to keep me going."

Len spends a good deal of time on pages 33 and 34 explaining in detail why neither of these responses pan out and why so many new entrepreneurial ventures fail. I particularly like this highlighted point he makes: "*It's extremely important to select a business that satisfies your personal goals, involves the kind of work you like to do, are good at, and fits your lifestyle."* And I would add that it assumes your ***lifestyle*** mirrors a ***history*** of knowing what hard work really involves.

Three other key points the author makes in this chapter pages 38-44:

First, he emphasizes the importance of **'partnering'**, which doesn't necessarily mean having a partner, but in creating collaborative relationships with other companies or individuals through incentives you can give to them to make it 'win-win'.

Secondly, many of us – me included on this one – have a hard time giving up total control and empowering other people:

"Invariably, people who start companies assign themselves the position of CEO. Understandable, of course. It's their idea. There are many different ways of being a CEO and unfortunately a majority of people gravitate towards the old command-and-control model where the boss's fingerprints can be found on everything.".

If this applies to you, on page 40, you need to read the four problems this strategy creates.

His third point just brings home the reality that "***Some Days Are Just Like That".*** Even the most passionate entrepreneur is going to have serious let downs – some of their own making, others that just happen and are unavoidable – a hurricane, a deteriorating economy, etc. And in Principle 11, he deals in detail with how you learn from mistakes.

One of his FOUR TAKEAWAYS from this chapter is a well-known phrase: ***"If you love what you are doing, it isn't work."***

PRINCIPLE 4
*Experiment!**

The asterisk references the credit Len gives to his former boss, **Leonard Schlesinger**, a past president of Babson, who along with **Charles Kiefer** and **Paul B. Brown**, wrote a book called "***Just Start***". He says that that book, along with another they wrote – "***Own Your Future -How to Think Like an Entrepreneur and Thrive in an Unpredictable Economy***" helped crystalize his thinking when it comes to experimentation.

The first point Len makes is that old problem-solving model that involved amassing all the necessary resources (education, money, etc.) to achieve your plan; then go out and make the plan a reality, doesn't work anymore.

His primary point is that in an unchanging world where "tomorrow is going to be a lot like today", this approach worked very well. But in today's unpredictable and constantly changing world, it doesn't: "All that planning goes right out the window when you hit your first unexpected obstacle – and that is likely to occur on Day 1.

Referencing the three individuals previously mentioned, he offers their formula after you figure out what you want to do and then you"

1. ***Act.*** *By taking a small step toward your goal. After you do, you pause to see what you have learned.*
2. ***Learn.*** *You incorporate that learning into how you are thinking about achieving your goal.*
3. ***Build****. You build off that learning in preparation for taking your next step. Then you repeat the process, which is the last step.*
4. ***Repeat.*** *You take another small step; pause to see what you learned from step two; building that learning into what you do next; and then take another small step. And so on.*

On pages 48 and 49, Len gives 13 reasons why "**ACTION TRUMPS EVERYTHING**". Three of my favorites include:

1 and 2: *"If you act, you will find out what works. . .and what doesn't"*

7 "*As you act, you can find people to come along with you. For example, in talking to your suppliers, you ended up meeting the world's most organized person. She now runs the day-to-day operations of your catering business and is a 10% owner*."

PRINCIPLE 5

If You Are Not Failing (Occasionally), You Are Not Aiming High Enough

Although many of Len's would-be entrepreneurs have a problem with this saying, he says it's because they look at the word 'failure' in the wrong way.

Here's how Len frames '**failure**' as nothing more than a '**setback**':

"If you can walk away from the disappointment and live to fight another day, it is not a failure. To me, a failure is when you're completely wiped out, when you don't have any more resources to try again."

Much of the remainder of this chapter involves being a "**calculated risk-taker**" which he covers in more detail in Principle 8.

He also stresses here the importance of warning anyone who is going to invest with you that your idea may fail. On page 55, he not only gives reasons why people are reluctance to do so but here's a great reason why it makes complete sense:

". . .it's not only the right thing to do, it also makes strategic sense. Investors will be slightly less unhappy if they have warned and the venture fails. Because you warned them in detail, you'll be able to go back to them to try to gain funding for a second venture saying, "I think we will get it right this time."

Of Len's FOUR TAKEAWAYS at the end of this chapter, the one I like the most is

Number 3 – "*Remember, it ain't over till it's over. How many great teams are losing at halftime, make adjustments, and come back to win the game?"*

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As you probably know, in all the summaries I write, at some point, I begin just highlighting key points from the rest of the book in hopes of incentivizing my book club members to make the book a part of their reference library.

PRINCIPLE 6

Work Hard
(You'll Be Amazed at
How Many People Don't)

Len references the 80/20 rule and for many of us who are owning and/or running small businesses, that statement is very important:

> *"Why would you tolerate the 80%?(*i.e. those who are NOT among the 20%ers doing the great majority of the work or are not the most successful salespeople*) Well, you wouldn't* ***in the early days of a startup*** *when you have just a handful of employees, and they all need* ***to be dedicated to the concept you're trying to create. You should only have 20-percenters in the room."***

Perhaps one reason many of Len's students at Babson go on to create great companies, after being in his class, is that he sets the stage for success by requiring the kind of hard work in the class that they will need to have in launching and running a startup:

> *"Typically at Babson, a student will spend as much time on homework as he or she does in class. If the class is three hours long, homework takes three hours. For my courses, the homework portion could be double or triple the class time. Whatever it takes to come up with the best out-of-the-box solution is the time you need to spend on the case study we're examining, because 75% of your grade is based on your answer to the questions posed in the case."*

And Len clarifies the importance difference between '**activity**' and 'accomplishment': Paraphrasing UCLA basketball coach John Wooden***: "You never want to confuse activity with accomplishment".*** And Len adds this great point: ***"It is not the time you put in; it's what you accomplish. Time served is only important when you are in Jail."***

Of the FOUR TAKEAWAYS in this chapter, my favorite was:

> *"Hard work without a game plan . . .is just hard work. You need to know what you're trying to accomplish and develop the most efficient way of getting it. Otherwise you could be wasting your time – or, worse, going in the wrong direction."*

PRINCIPLE 7

The Key Entrepreneurial Trait: Knowing How to Spot an Opportunity

Starting out, Len offers the reason why so many established companies end up crashing and fading into the sunset. In many, if not most cases, the leaders have been around a long time and are comfortable with the status quo. As Len says:

> *"The longer you've been around, and the more successful you have been, the more difficult it'll be for you to accept new and/or different ideas, especially if those ideas don't correspond with the way you see the universe. When confronted with something that isn't within your usual frame of reference, you are likely to say, 'This will never work.' "*

And just when you think you've built a '***moat'*** around your idea – instead of thinking about how your existing product or service could be delivered better, faster, cheaper, or more efficiently – you get left in the dust. Just ask Blockbuster or a manufacturer of VCR's.

As a way to discover a market opportunity, Len suggests different ways to approach the market differently. He adds these ways to do so on pages 82 – 84: ***"Upgrade, Downgrade, Bundle, Unbundle, Transport, Mass-market, Narrowcast, Think Big, or Think Small".*** Here are more details on two of them:

> ***Upgrade*** – *"Take a basic product and make it special, either by adding value to it or marketing it as a status product. Luxury automobiles, coffee (Starbucks), and gourmet cookies are examples of what were once pedestrian products that have been given cachet. In each case, the underlying concept remains unchanged; it's just that the product's image has been improved.". . ."Perhaps the greatest example of this is water. It's hard to think of another product that has been upgraded in so many ways."*

> ***Downgrade*** – *"Take a product that has always been associated with status and reduce it to its underlying concept. Examples: Ryan Air in Europe eliminated all the frills that usually come with an airplane ticket."* Although he doesn't mention this one, **Aldi** – the grocery store chain that offers many fewer items, but lower prices on the ones they do offer.

Len offers some other ways to ***Juice Your Thinking*** on pages 87 and 88, but on page 89, I totally agree with the headline and his advice:

"Sometimes it Helps Not to Know Any Better":

> *"There is a natural tendency for people to look for opportunities in a field they know. That's the way most companies get started. You see an opportunity that your company is not taking advantage of, and when your boss tells you it is not worth pursuing, you decide to go off and do it on your own.".* That's how Home Depot got started by Bernie Marcus and Arthur Blank.

> *"It doesn't have to be that way. In fact, there are certain advantages in entering a field you know little about. You don't know what the 'rules' are, so you aren't handicapped by them."*

This is how the author, **Len Green,** collaborating with **Bill Bishop**, the president of Blue Buffalo – came up with a healthier form of pet food:

> *Bill had lost his dog, 'Blue' to cancer and was passionate about developing a healthful food*

to give to Spot and Kitty. So, we set out hire the smartest people we could, people who knew the industry and wanted to help change it. We offered them more responsibility, money, stock ownership, and a chance to help create a new company. Bill was very innovative and created a culture that encouraged employees to make suggestions and recommendations. We were able to attract very good people who made our company a success, even though we didn't know much about the pet food business when we started.

I think that one of Len's FOUR TAKEAWAYS at the end of this chapter is particularly valuable: *"3. **As you look for opportunities, start close to home**. If you have a problem that needs solving, odds are others will too."*

PRINCIPLE 8

Successful Entrepreneurs Are Not Risk-Takers; They Are Calculated Risk-Takers

Len starts out by dispelling one mistaken belief that the vast majority of his students, as well as others he runs into have – that successful entrepreneurs are '**risk-takers'**. He disagrees and says that they are '**calculated risk-takers'** and that is "*the difference between failure and success.":*

*"They figure out a way to reduce risk with every step they take. They follow the **Act, Learn, Build, and Repeat, model** that we talked about in Principle 4 and they take small steps towards their goals. Before they take those small steps, they figure out a way to minimize their modest investment even further."*

On page 96, Len offers ways to reduce risk by taking four steps that he describes. One of these is by forming an organization that provides personal liability protection such as by forming an LLC or a corporation.

PRINCIPLE 9

You – Yes, You – MUST Have an Advisory Board

Len starts this chapter with a surprising addition to what he advises you MUST have - that is an Advisory Board.

His addition is that he pays members of his advisory board **$200/hour**, and sometimes **stock options**, and **other incentives**, plus a 'once-a-year getaway meeting with spouses at some resort.

Frankly for almost any startup entrepreneur I know, that's pretty much out of the question, but Len also makes a great point on page 112 – showing 'why you should be able to attract top-notch qualified people to your advisory board if they are at the point in their life where in Maslow's hierarchy of needs pyramid, they are at the "Self-Actualization" pinnacle. So, if your idea is good enough. . .and here's where I think 'being passionate about it' comes into play. . . you may be able to attract some superstars who want to ramp up some the creative juices they have been missing being able to apply, or problem-solving challenges of which they used to deal with on a daily basis.

Len points out that the 'makeup' of the group is critical:

> *"Don't include people who are your company's accountants, lawyers, senior executives, or bankers, because they all have a vested interest in pleasing you. They are beholden to you for work – and income. . . .Unlike the board of directors at a publicly held company, which is answerable to the shareholders, an advisory board is answerable only to you. This means you can fire them any time you want, and you should if it's clear that they aren't adding value."*

In the FOUR TAKEAWAYS at the end of the chapter, Len mentions: "Honest Feedback", "Networking" opportunities within your Advisory Board network, "Different points of view and different ways of solving problems", as well as "Mentoring" opportunities for you and members of your team from your Advisory Board members.

PRINCIPLE 10

Research the Market Narrow the Options, Act!

Len's primary message in this chapter is simple, keep the research quick and simple except for finding out as much as you can about your competitors and especially how you could take what they are already doing successfully and come up with ways to improve upon them:

> *". . .the best way to do research – as we talked about before – is to go into the marketplace and ask someone to buy what you have.". . ."If you [only] ask if they like the product or service you're thinking of offering, they'll probably say, 'Yes,' if for no other reason than to be polite. They know you've worked hard to come up with this idea, and they don't want to hurt your feelings".*

> *". . .one area you don't want to skimp on is what your competition is doing. For one thing, odds are that they've probably invested a lot of expensive and comprehensive research – the bigger the firm, the more research they've probably done – and you can then piggyback on their work. For another, your next opportunity could come from just 'improving' what they've introduced."*

In Len's TAKEAWAYS two of them stand out to me:

> *"If you only have a limited amount of money, you need to concentrate on developing new products and services in the area where you can get the biggest return the fastest*."

And finally, Len quotes the Kenny Rogers song:

> *"Know when to hold ' em; and :know when to fold 'em. If your idea isn't working and it can't be fixed (at a reasonable cost and within a reasonable amount of time), accept that and move on to something else*."

PRINCIPLE 11

There is No Sense Marking a Mistake Unless You Can Learn from it

I think this paragraph pretty much sums up this chapter:

"You always want to learn from your mistakes so you can put that knowledge to your advantage in the future. Again, it ties back to the whole concept of being a calculated risk-taker.". . . "If you eliminate mistakes, you improve your chances of being successful next time. And if you eliminate the mistakes and then capitalize on that learning, you tip the odds even further in your favor."

I love this quote from Len:

*"**Mistakes**- if you treat them correctly – really are an opportunity. This isn't a platitude. It's a fact."*

Len finishes the chapter by providing a ***"A Checklist That Can Help You Reduce Your Mistakes"*** on pages 131 and 132. There are 13 of them – all "**P'**s". I've picked out two of them:

"Perception. *People simply didn't understand what you wanted the product or service to be."*

*"**Promises**. This one is almost always fatal. If you promise something – or overpromise – and don't deliver, you'll lose the customer forever."*

PRINCIPLE 12
What Is the Most Effective Tool to Solve a Problem or Deal with a Crisis? SWOT

Len's answer is to do a SWOT analysis but with some modifications he suggests. SWOT – stand for **S**trengths. . .**W**eaknesses. . .**O**pportunities. . .**T**hreats.

Strengths. "*What resources can I bring to the situation? How can I capitalize on the unique abilities that I (and my company) are good at to either turn the challenge around or minimize the problem?"*

Weaknesses. *"You think you have an idea that can give you an edge. What are the flaws in your thinking?"*

Opportunities. *"Is there something here that you can turn to your advantage, that you could capitalize on to give you a competitive edge? What can you do better and/or differently than your competition?"*

Threats. *"Where are you vulnerable? You've already identified the weaknesses in your position; now you want to know how those weaknesses could hurt you. How could the competition take advantage of them? How could they damage you long term?"*

Len recommends that you come with at least 5 items in each category to keep you honest and also not to only list the threats and weaknesses for which you already think you have the answer. He also says that a SWOT analysis will help you "*project where you and your company are going to be five years out."*

PRINCIPLE 13
If It Ain't Broke – Break It.
Don't' Be Complacent
Always Improve. Always Get Better.

The reasons that Len makes this bold and often unpopular statement to people who have built a successful company include:

- *"Things change. The economy gets hot, or cools off, and your company has to respond accordingly."*
- *"Not only do new competitors enter the marketplace, but existing competitors get better."*
- *"Computers and apps now allow the business world to operate as 'warp speed.' As a result, new products and new ways of disseminating information are being created faster than ever before.*
- *"Customers' needs and wantws evolve as well – invariably they want more and better and to pay less (If you ask them if they want higher quality and/or lower prices, they're always going to say 'yes' "*

For any existing business, this entire chapter alone is a must-read*.*

PRINCIPLE 14
Be a Mensch

The word in Yiddish means "a good person". You will enjoy reading this chapter which blends in very nicely with NetWeaving Motto: ***"Good things happen to those people who MAKE good things happen."***

Each year in his class, Len gives his students a hypothetical problem that requires the students to make an ethical decision – whether they want to 'cheat' or be 'ethical'. He is pleased to report that the majority choose to be ethical. When you buy the book, you will enjoy this story.

But don't think that Len believes the world is this nice place where the majority of people in business dealings are going to be open and honest. Two good pieces of advice:

"Trust, but verify"

"When I go into a deal, I'm always expecting that the other person will do something (unethical) that I wouldn't do."

Of his FOUR TAKEAWAYS at the end of the chapter, the 4th one is my favorite:

"Understand that ultimately, only you are responsible for your behavior. *You don't get to rationalize it away by saying, 'Everyone does it this way,' or, 'It was okay with my boss.' You decide whether you're going to be a mensch, or you're not."*

I will leave Principles 15 to 18 for you to read on your own when you buy the book. The following is one of my favorite points from each one of them.

PRINCIPLE 15

Ten Steps to Take Before You Make Your Move Into Entrepreneurship

Ten moves that can help you avoid many of the pitfalls first-time entrepreneurs face.

"#3. Be able to afford losing your investment. You need to acknowledge, before you begin, that this is a possible outcome. It's an understatement to say that not every new venture works out. Can you deal with that, and with the fact that you lose face before you family and friends if your idea fails?"

PRINCIPLE 16

Secrets, Techniques, and Strategies Of the Successful Entrepreneurs I Have Worked With

How to build a team that will work together:

1. *To be on my team, you have to be smarter than me. (Many would say this isn't so difficult.)*
2. *I surround myself with people who are self-motivated.*
3. *My job is to keep them focused, inspired and to empower them to perform at their best.*
4. *I try to remove obstacles so they can get their job done without fear of failure.*
5. *I also try to keep thigs light with a sense of humor and laughter.*

The other thing that makes this chapter so valuable is that Len has asked some of the very successful entrepreneurs with whom he has worked to share their secrets to success:

Jay Fitzgerald – former president of Golf Digest magazine
Jim Lillie – president of Jarden Industries, a world-class consumer products company
Nick Trigony – former president of Cox Broadcasting, executive at ABC and Blair Radio
Tom Quinlan – president and CEO of the NASDAQ-listed company RR Donnelly
Bob McLynn – co-founder and owner of Crush Music

PRINCIPLE 17

Give Back

"I encourage people to begin giving back as early as possible. With our kids, we tied the concept to their bar and bat mitzvahs; 10% of what they received in gifts, they donated to the charity of their choice. This is how engrained the idea is for Lois and me."

ONE FINAL REASON FOR YOU TO BUY THIS BOOK – All profits from this book are contributed to charity. **Thanks Len** for your great wisdom and sharing.