

Part One

Starting

The Global Pioneering Spirit

“Begin at the beginning,” the King said, very gravely, “and go on until you
come to the end: then stop.”

Alice’s Adventures in Wonderland

Are you tempted to withdraw your savings, staple a resignation note to your boss's forehead, and walk away from the corporate world forever? Does the thought of never having to sit through another one of those dumb company meetings — you know the ones, where everything that can be said has been said, but not everyone around the table has said it yet — make you tizzy with excitement?

Or, perhaps, have you been postponing your dream of starting your own business — maybe for decades as you focused on other priorities, like raising a family — and find that you don't want to postpone it any longer? Maybe the kids have flown the nest, you are at a loose end, and you desire to fulfill the potential you've always known you have.

If so, you are not alone. Every month in America, half a million people start a company.ⁱⁱ Women create half of all the startups, and immigrants start twice as many companies as people born in America.ⁱⁱⁱ Further, according to a 2016 University of Phoenix Business School survey, some 39 percent of employees hope to own their own business. Contrary to what many in the media would have us believe, the statistics clearly show that the pioneer spirit in America is alive and well. These are happy statistics that fill us with hope for the American dream.

Or maybe running one's own business is a universal dream. In 2018, the Global Entrepreneurship Center^{vi} estimated that, worldwide, up to 472 million entrepreneurs were trying to start approximately 305 million firms. Of course, numbers per country vary widely. Iceland was home to about 8,000 new businesses and India to about 85 million startups. Tel Aviv has the highest density of startups anywhere in the world.^{vii} In 2017, the United Kingdom reached over 500,000 startups for the first time. London ranked as Europe's "most successful startup ecosystem," yet its output is half that of Silicon Valley. Meanwhile, startups in Sao Paulo, Brazil, create more local community jobs than Silicon Valley. Startups really are a global phenomenon,

one fueled by modern communications technology, which allows anyone to start a company anywhere.

The one depressing statistic is that half of all startups fail within a few years. Why? Lots of reasons. But the main reason is because entrepreneurs don't conceive of their startup in the right way or approach it with the correct mentality to begin with. Part 1 shows you how to avoid joining this negative statistic.

First, I explore where winning concepts come from and how to cultivate them. Then I look at how to turn that insight into a winning plan for a successful business.

Chapter 1

TURN A MOMENT OF INSIGHT INTO A WINNING IDEA

A moment's insight is sometimes worth a life's experience.

OLIVER WENDELL HOLMES, JR.

When most people come up with an idea for a startup, they are inspired by something they are good at, have experience with, or enjoy and are passionate about. In that moment, many startups are doomed.

My advice is: To come up with a winning idea, pay attention to what makes you mad. Don't focus on what you love and want to do; figure out what you want to change.

<A>What Makes a Winning Idea?

When I decided it was time to be my own boss, I did what most people do. I considered what I enjoyed doing and what I was especially good at. However, when I analyzed my life honestly, I had to admit that I was not very skilled at anything. It came as a bit of a shock to realize that I had no talent, but that revelation is probably what saved me from joining the millions of failed startups.

By my fortieth birthday, I had changed careers three times, and without much of a plan, I had become a sales manager for a biotechnology company. In essence, I was responsible for managing a sales team, which involved some skills, and I could lead a team, but those talents were not unique in any way. I could not figure out how to turn that experience into a winning

idea for my own business. In addition, the dot-com bubble had already burst, I knew nothing about computers but how to type on them, and my lack of do-it-yourself skills was a subject of family legend. I had long been banned from going near a toolbox, so being any kind of tradesman, therefore, was easily ruled out.

When I realized I wasn't getting anywhere struggling to solve this alone, I decided to research others who had faced this same problem. After all, this strategy had already worked for me once. When I was younger, I lived a hardscrabble life. I wanted to travel the world and to be an adventurer, but it seemed impossible. I couldn't work out how to escape the quicksand that was my life back then. So I read the biographies of explorers. Dozens of them had started out in even worse situations than mine, and their inspiring life stories helped me rewire my thinking. I began to mirror their attitudes and habits, and before long, I took my first adventure, which eventually included visits to fifty-six countries.

Now I wanted to be my own boss, so I sought inspiration in the biographies of business pioneers. I hoped their inspiring stories would reveal some latent skill or knowledge that I shared with them. I wanted to know what talents had triggered their pioneering business journeys.

That is when the real "secret" to a winning idea hit me. It jumped right off the pages of every biography. It wasn't a particular talent or skill. It wasn't passion for what you are selling or doing what you love. It wasn't some innate quality that some entrepreneurs are born with. It wasn't some life experience or education that turned someone into a successful entrepreneur. In fact, the desire for success or to make millions seemed to be the wrong mindset entirely. Instead, the one thing every legendary entrepreneur had in common was that they were ordinary people who got so hopping mad about something they were driven to fix it.

Further, they did this even when they lacked the experience or qualifications to solve the problem. Most of them were clueless about where to begin. They didn't have top-notch

management teams or access to funding, and in most cases they didn't desire to be entrepreneurs at all. They were simply driven by a deep motivation to find a way to fix something that had somehow got under their skin and in the process inadvertently became business leaders. This is the simple yet profound secret to a winning idea: be motivated to improve the world in one specific way.

Henry Ford grew up on a farm, and later he became an engineer working at the Edison Illuminating Company. He didn't set out to become an entrepreneur who would revolutionize the automobile industry and manufacturing. Instead, he was mad that, when he was growing up, driving a car was a rich man's privilege. Ford wanted to make cars that common folk could afford, freeing them to travel.

The story of Madam C. J. Walker is one of my favorites. The daughter of former slaves in the American South, Walker became angry because her hair kept falling out due to malnutrition, stress, and the damage caused by all the "snake oil" concoctions being sold by traveling salesmen at the end of the nineteenth century. She got so mad she developed her own hair tonic for herself. When other African American women began asking her for some, Walker started selling her hair tonic door to door.

By the time she died in 1919, Walker had become America's first female, self-made millionaire and was considered the wealthiest African American businessperson, and she achieved this against almost unthinkable odds. She was the wrong color and the wrong sex in a racist, male-dominated society. She was the wrong class, she had no formal education, and she had no expertise in chemistry, beauty products, or business. Few successful entrepreneurs anywhere, at any time, have had as many hurdles to overcome, and I consider Walker one of my heroes. I wish I could have met her. If you could bottle what made Walker tick, you would surely make billions.

Another story that inspired me was Sir Richard Branson, whose dyslexia led to poor academic performance in school. His first business was a magazine called *The Student*, through which he advertised discounted records for students, who typically couldn't afford the record prices at "High Street" stores. This made Branson mad, and he later said, "There is no point in starting your own business unless you do it out of a sense of frustration."

Selling records eventually led Branson to found a record label, Virgin Records. Then, another moment of frustration led him to start an airline. About thirty years ago, American Airlines canceled his flight to the British Virgin Islands, where "a beautiful woman" was waiting for him, and Branson became incensed.

"I went to the back of the airport, hired a plane, borrowed a blackboard, and wrote, 'Virgin Air, \$39 single flight,'" he recalls. "I walked around all the stranded people and filled up the plane. As we landed, a passenger said to me: 'Virgin Airways isn't too bad — smarten up the service and you could be in business.'" Branson eventually married the beautiful woman, Joan, and turned his anger into a profitable airline.

Netflix.com cofounder Reed Hastings started Netflix after he was charged forty dollars in late return fees for a video at his local Blockbuster. "I had misplaced the cassette," he admits. "It was all my fault. I didn't want to tell my wife about it. And I said to myself, *I'm going to compromise the integrity of my marriage over a late fee?* Later, I realized my gym had a much better business model. You could pay thirty or forty dollars a month and work out as little or as much as you wanted." Hastings transformed his embarrassment and frustration into a new model for renting movies, and just as importantly, Netflix has since adapted with the times and become a global streaming sensation.

Sara Blakely was irritated by the seamed foot in her pantyhose, so she cut the toe section off. When she realized others had the same dilemma, she knew this common problem

represented a business opportunity. Fearing ridicule, however, she didn't even share her business plan with her husband or family until her company, Spanx, was well underway. She says, "On running Spanx with a feminine perspective: I was told business was war, and I wanted to do it differently. Our values include being vulnerable and relying on intuition."

Academics might try, but I can't find any genetic, psychological, cultural, or environmental commonalities between Ford, Walker, Branson, Hastings, and Blakely. Before starting their businesses, none had an identifiable talent or passion. What happened, however, what unites their stories, is that they used their experiences of anger to do something to change and improve the world. That is where winning business ideas come from.

<A>A Winning Idea Fills a Need or Fixes a Problem

However, the truth is, you don't necessarily have to be mad. But if your winning idea does not fill a need or fix a problem that frustrates customers, then it won't make a successful business, and by successful I mean one that makes millions by delighting those customers. Your business does not have to be the first to market to succeed. You don't have to be the only company offering your product or service. But you must fill a need or delight customers in a specific way and do that one thing better than anyone else. For more on what makes a winning product or service, see chapter 7 (page XXX).

For instance, Southwest Airlines was not the first airplane service, and within a year of their launch, with nothing much to distinguish it, the airline was in trouble. They had posted a net loss of \$1.6 million, and the company was forced to sell one of its planes. Desperate to keep up, Southwest's vice president of ground operations, Bill Franklin, was tasked with finding a solution. The answer he came up with was simple but brilliant: Unload and load passengers faster than the other airlines, and get the planes right back in the air. So Southwest's "ten-minute

turn,” as it came to be called, was born, and they effectively turned the planes like an assembly line. This winning idea was born of adversity, but it worked because it served customers better.

The story of Google’s founding is another tale of success born of frustration, but of a different kind. Two Stanford University doctoral students — Larry Page and Sergey Brin — had created a search engine algorithm (called PageRank), but according to Luis Mejia, Google’s associate director of technology licensing, “The inventors did not want to do a startup company — they wanted to finish their PhDs.” Mejia worked with the pair in the mid-1990s and says, “We spent half a year trying to market [the technology] and find licensees. But nobody really expressed much interest.”

After a few “road shows,” Mejia says, Page and Brin realized no one understood what they were doing. “So it was really out of frustration that they decided to start a company. . . . In that respect, it was chance.”

Mejia says the pair — who never finished their doctorates — did not have a business model, “but then a lot of things just sort of fell into place. Maybe that’s where serendipity comes in. . . . There is a chance we could have licensed it to another company for a very nominal sum of money. But it isn’t clear that they would have done anything with it. And there probably would be no Google today.”

Occasionally, moments of insight lead entrepreneurs to solve problems people haven’t yet realized they have.

<A>Ask Yourself: *What Makes Me Mad?*

Once I realized the “secret” to startup success, I reviewed my life for the things that made me mad. I drafted a long list, but one in particular made my blood boil. For years I had been frustrated that the company I worked for had created a product that could successfully treat a rare

disease, but then they spent no money making physicians and patients aware that this solution existed. Though this sounds callous, it is typical of a lot of large businesses. Originally a small, private company that could make scientific and patient-focused decisions, it had become so successful that it went public. Now the company had to answer to shareholders, who generally prefer to increase profits and dividends and don't have much tolerance for potentially risky or low-revenue strategies.

The company estimated that less than two hundred people in the world suffered from this rare disease, and the cost of making all physicians aware of both the issue and the solution was considered exorbitant compared to the potential return from sales. Three times I proposed plans to justify an investment, and three times I was rejected and warned to focus on selling our other products. Yes, this made me mad.

My idea was born. I had never started a company before or raised finances, and I knew very little about research and development, but the unfairness of the situation motivated me to want to do something for patients suffering from the disease.

Take Notes: Make a List of Problems

Every time something gets under your skin, make a note of it. When you hear yourself or others complaining about something being wrong, jot it down. When someone expresses a wish for something that does not yet exist, scribble the request on a piece of paper.

Writing things down is important. Don't be fooled into thinking that making a mental note is all you need to do. It is scientifically proven that people who physically write something down tend toward taking action, and writing aides with memory retention. It is also scientifically proven that writing by hand creates greater retention than typing.^x

Good entrepreneurs keep a pen and paper handy at all times. This might be the simplest entrepreneurial tip of all: Never be without access to paper and pen, whether by the bed, in the kitchen, in the car, or in your pockets or purse. For the want of a pen, brilliant ideas have come and gone. Buy a stack of sticky notes and litter your life with them. I still do.

The first problem you identify may not lead to a winning business idea. Or the second, third, or fourth. Yet over time a pattern will emerge. Some things will make your blood boil more than others. In that pattern is the seed to a winning idea.

<A>Find a Winning Solution: Tap Your Intuition

Of course, identifying a problem is only half the battle. Discovering what makes you mad is only one side of the coin, and relatively speaking, it's easy. What's harder is coming up with an ideal solution, and what's harder still is turning that solution into a practical business.

However, once you've identified something in the world you want to change, your next task is to figure out how to fix it. The winning idea is a problem-solution package.

Finding a winning solution requires accessing your intuition. This may not sound practical, but every successful entrepreneur I know does it. Analysis will only get you so far. Ultimately, you're seeking that famed lightning bolt of inspiration: the solution no one has thought of yet.

People access their intuition in different ways, and some people are more comfortable with it than others. However, it's possible to cultivate your intuition in ways that invite inspiration, and I have developed tools that have helped me harness this power. While the process is still a wonderful, mysterious thing, the easiest and most effective ways I've found are through meditation and immersion in nature. Whatever methods you use, developing your intuition is essential for success in business.

The Power of the Feminine

In most cultures, intuition is considered a feminine trait. While it's something all people possess, women tend to be more open to it than men. Whatever the case is for you, the goal is to access and enhance your intuition so that it becomes a powerfully complementary, interconnected, and interdependent part of your intellect, or your ability to analyze, which tends to be considered a masculine trait.

I have been blessed in my life to be surrounded by determined women with powerful intuitions. I credit all my business success to the lessons they taught me when I was younger, even though they often had no idea I was paying attention. My wife, Lyn, is one of those women. Lyn "just knows." She is the only female in my football fantasy league, and she has won every year since she joined. I have come last on several occasions. Some of the participants spend hours studying form tables and injury lists. What they don't know is that my wife makes her predictions at the last minute and without any thought, and she still wins by a mile.

Lyn often ends her pronouncements with the phrase "I just know." Being male, it drives me to distraction. A typical conversation goes like this:

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Me: I'm going to invest in Bob's startup.

Lyn: Don't, he's bad news.

Me: How can you say that? You've never met him.

Lyn: I just know.

Me: How can you just know if you've never met him and have no idea what his business is?

Lyn: I just do. It's up to you, but if you want my advice, I wouldn't do it.

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Today, I take her advice, but it wasn't always that way. I had to learn the hard way. The first few times I ignored her intuition, it cost me, financially and mentally. Now I know better. I also know that my wife is not unusual. Many women have powerful intuitions, while many men ignore their own. Some people dismiss intuition because they think it isn't "logical," but that doesn't mean it isn't valid and real.

The human brain contains approximately a hundred billion neurons. It's possible your brain has more neural connections than there are stars in the universe! Neurons in the cerebellum can have one million connections each. The average person fires more neurons in a day than all the cell phone connections on the planet. The brain is alive and ever-changing with neurons disengaging and engaging in new neural networks constantly.

We develop neural networks two ways. When we learn something new, we utilize what we already know to understand better the thing we do not know. Our brain reaches for the familiar. Using the law of association, the brain fires new neural connections to create understanding.

The law of association is a law of psychology that is based on the teachings of Aristotle. Neurons that did not previously connect now do and a new neural network forms. If we do the same thing repeatedly, it becomes familiar, unconscious, and effortless. When we learn something new and repeat it in our mind, we are actually creating a neural network. Eventually, these new neural networks become "hard wired" due to a substance called neural growth factor (NGF). Significantly, if an old neural network is unused or not working properly, it may lose the NGF holding it together.

In addition, when we consciously change a neural network through hypnosis or another intervention, such as meditation, we break down the existing NGF and rewire the network to new ways of thinking.

Who else trusts their intuition? Bill Gates. Steve Jobs believed intuition is “more powerful than intellect.” Warren Buffett only makes decisions based on it. Richard Branson “prefers it to stats and data.” Albert Einstein called it the “only real valuable thing.” In one study, thirty-six major CEOs were asked to name the most critical component in their decision-making, and 85 percent responded with “intuition” or “gut feel.”

At Cornell University, Dr. Daryl Bem oversaw a decade-long series of experiments involving a thousand participants that showed humans do indeed have the ability to “sense” future outcomes. Because of the intuition study’s paradigm-shifting implications, Dr. Bem waited until he had reached a “74 billion to 1” statistical certainty before releasing the results. By anyone’s standards that is statistically significant. Dr. Bem said, “It violates our notion of how the physical world works. The phenomena of modern quantum physics are just as mind-boggling, but they are so technical that most nonphysicists don’t know about them.”

Yet the implications for business of embracing the power of the feminine goes beyond just intuition and coming up with winning ideas. This approach should inform how every business is run. For instance, one 2013 study concluded that women’s abilities to make fair decisions when competing interests are at stake make them better corporate leaders. The study found that the more cooperative approach to decision-making translated into better performance for their companies. “We’ve known for some time that companies that have more women on their boards have better results,” explained professor Chris Bart. “Our findings show that having women on the board is no longer just the right thing but also the smart thing to do. Companies with few female directors may actually be shortchanging their investors.”

The researchers found that male directors preferred to make decisions using rules, regulations, and traditional ways of doing business. Female directors, in contrast, were less constrained by these parameters and more prepared to rock the boat.

Several other studies have shown that gender equity in senior management and at the board level brings many tangible benefits. In 2016, *Forbes* said, “Today’s corporate world may be male-dominated but companies should take note: Hiring women is actually good for business. It’s not just about equality, it’s a business case with measurable success. Companies with more women onboard tend to outperform companies with more men onboard.”

My own experience matches this data. While startups don’t usually have to worry about hiring lots of employees and the composition of an executive board, it’s a good lesson to remember. Strive for gender balance in hiring in the same way you strive to balance the feminine/masculine attributes in yourself.

<A>Meditation: Training the Mind

Meditation is called mindfulness training because, like practicing a sport, it improves us in measurable ways and increases our mental and emotional skills. If you want to improve your intuition, meditation is one of the best ways.

According to University of Iowa researchers, the brain’s so-called “axis of intuition” is the ventromedial prefrontal cortex, which sits in the middle of the forehead. This is what gets depicted in cartoons of superheroes or spiritual gurus — a power emanating from the forehead. Further, a 2014 Wake Forest University study looked at the brains of fifteen volunteers before and after four days of mindfulness training. What did they find? In addition to a host of other wonderful brain enhancements, the freshly minted meditators seriously increased the “activity” and “interconnectivity” of their ventromedial prefrontal cortex. Meditation can change your brain

to create winning ideas and make better decisions. Every good idea I ever had in business or life came shortly after a session of meditation.

There are many kinds of meditation techniques, and just like different forms of physical training in sports, they are used for different purposes and outcomes. I offer one simple meditation technique below that is intended to increase the frequency of great ideas.

Taking Quiet Time

I call this meditation technique “taking quiet time” (or TQT), and the whole thing takes about twenty minutes. It requires no skill or experience, and there are no advanced levels. It is a variation or version of a meditation technique that can be found in most spiritual practices.

The goal is to sit quietly, clear the mind, and for a few minutes think of nothing, which sounds simple but is actually very hard. It is contrary to the media-filled distractions of modern life and to how most of us have learned to behave. Yet to me, taking quiet time is the number-one business-growth tool in your arsenal. Just like any sport or any particular meditation technique, we can describe its intricacies in three or three-hundred steps, but if I want someone who has never played soccer to get excited about it, I will simply take them to a park and kick a ball around. If I first subjected him or her to a 12-step soccer lesson it would bore them to death. So, if you want to know the intricacies of meditation you can go as deep down the rabbit hole as you like at my website trevorgblake.com. If you have never experienced the amazing benefits of meditation before just try it in the following simple way.

1. Get up 30 minutes earlier than your normal wake time.
2. Go to a quiet part of your home.
3. Sit upright in a chair, feet on the floor, hands overlapped

4. Do nothing for 20 minutes. Try to think of nothing, but when the mind chatter kicks in... as it always does even for expert meditators, smile and imagine the words floating out a window and start again. If it becomes annoying just follow your breath in and out.
5. That is all there is to it. At some point you'll get fed up with it stand up and walk back to bed and then you'll be blown away that more than 20 minutes already passed.

<C>6. Stretch and Return to Your Day

When your time is up, or when you feel ready, open your eyes. Smile. Stretch. It's important to transition gently back into normal life. Thank yourself for this gift of a few minutes' peace. You deserve it. You just took 2 percent of your day for *you*. When did you last treat yourself so well?

Your Intuition Needs an Undistracted Brain

Meditating and taking quiet time works in ways we don't fully understand. It seems counterintuitive that thinking of nothing could help improve intuition and inspiration, but it does. Not only that, it's been proven to aid concentration, creativity, self-confidence, problem-solving, analytical ability, and brain functioning.

The best way to find the brilliant solution we seek for our winning business idea is sometimes not to seek it. Instead, we consciously and deliberately empty ourselves of all distractions to make room for the kind of new inspiration that makes our stomachs flutter with excitement.

Why first thing in the morning? In a half-awake state, your brain is not as good at filtering out distractions and focusing on a particular task. It's also a lot less efficient at remembering connections between ideas or concepts. These are both good things when it comes

to creative work, since this kind of work requires us to make new connections, to be open to new ideas and to think in new ways. So, a tired, fuzzy brain is much more use to us when working on creative projects like finding solutions to a winning idea.

In 2018, a Scientific American article described how distractions can actually be a good thing for creative thinking: Insight problems involve thinking outside the box. This is where susceptibility to “distraction” can be of benefit. At off-peak times we are less focused, and may consider a broader range of information. This wider scope gives us access to more alternatives and diverse interpretations, thus fostering innovation and insight.

<A>Connect to Nature: Expanding the Mind

As I read the biographies of successful businesspeople and entrepreneurs, another character trait that jumped out at me was their affiliation with nature. All of them turned to nature in times of stress or when big decisions needed to be made. Today, what I’ve found is that connecting to nature is a companion activity to meditation: It decreases stress, improves health, and sharpens the mind. To improve intuition and invite inspiration as you develop your winning business idea, take a walk in the woods.

This has been my approach in all of my businesses. I split my day up so that I have dedicated work times and dedicated distraction times. It is always when I close my office door and go for a 30 minute walk in nature that the great ideas arrive. I notice, however, that if I skip my meditation in the morning for whatever reason it doesn’t matter how many nature walks I take no great ideas come to me. The two are definitely bedfellows. Meditate, do some work, go for a walk is a pretty powerful prescription it seems.

Henry Ford was passionate about walking in the country and reconnecting to nature. He encouraged workers to exercise in their off-hours and believed that, next to work, a person’s duty

was to think. Ford retreated to an old farmhouse near the family dairy in Dearborn. He sat on the ground when it was dry and in an old rocking chair when it was wet and simply let thoughts come to him.

To channel his restlessness, Cornelius Vanderbilt's mother paid him to clear and plant an eight-acre field. In that solitude, he came up with the ideas that made him a billionaire. I read that it worked for them so I tried it. It worked for me. What do you have to lose?

To enhance the benefits of taking quiet time, plug into nature and access its expanded reservoir of knowledge, just as a single computer plugs into the World Wide Web.

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<A>Winning Ideas Create a Sense of Awe

A winning idea, when it comes, is not like a typical, everyday "good idea." Trust me, when you have a winning idea, you will know because you won't be able to stop smiling or pacing the kitchen floor. Meditation and connecting with nature are powerful ways to deepen intuition and expand connectivity into a universe of solutions. The flashes of insight we receive as a result are more like complete blueprints than "wouldn't it be cool" flights of fancy. They have us smacking our foreheads wondering why we never thought of them before, since they now seem so clear, so obvious, so perfect. Truly inspired, winning ideas induce a sense of wonder and awe.

That said, insights can take their own sweet time, and they usually arrive later when we least expect them. Before I started my first company, I knew what made me mad. I knew what I

wanted to fix. But I didn't know how. Every day for several weeks I meditated and connected with nature. Lots of ideas sparked in my mind, and I was careful to jot every one of them down. However, none of them were quite right. Then one day I took quiet time just before checking out of a hotel room.

An hour later, I was walking through a busy airport terminal when the solution to the problem came to me in a flash. It was not a vague idea or a notion. It wasn't a sketch. It was a detailed architectural blueprint like a diagram had unrolled on the floor in front of me. All at once, I saw the whole business model that could work to get those patients their medicine and make a profitable business. I actually stopped walking and let out a laugh that had other travelers thinking I had flipped out.

For my second company, the idea came to me while I was driving shortly after taking quiet time. I had to pull over and start writing feverishly on sticky notes. When I had it all written down, I continued driving to my appointment, but I could not get the idea to go away. So I canceled the appointment, turned the car around, drove home, and immediately set about turning the idea into a real company.

This is why you should never be more than an arm's length away from pen and paper.

How can you distinguish a garden-variety good idea from a genuine "winning idea"? What do awe and wonder feel like? In a way, it's like love. You know it when you feel it, and if you're unsure, you probably aren't feeling it. But I like how

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It is an experience of such perceptual vastness you literally have to reconfigure your mental models of the world in order to assimilate it. One of the ways we elicit wonder is by scrambling the self so that the world can seep through. In doing so we feel such a blast of energy and expectation that we literally want to rocket to the moon. We feel stupefied amazement every time we think of our dream. It is rapture. It is magic. Only in these moments do we experience the power of a lightning strike in our minds and nerves. It is rhapsodic. It is what I saw in my wife's eyes every time we talked about it. She glowed. She floated. It was as if every time we talked about it, I had just placed a tiny puppy in her arms. That is awe. That is the state of ecstasy that must accompany a dream for it to have any hope of ever becoming reality.

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Why is it so important to feel this strongly? First, it's how we identify a winning idea. But just as importantly, we need to be truly inspired by our dreams, since we will need that motivation to do all the hard work they require. According to one 2015 study, experiencing a sense of awe promotes altruism, loving-kindness, and magnanimous behavior. The researchers described awe as "that sense of wonder we feel in the presence of something vast that transcends our understanding of the world."

This is similar to the peak experiences described by Abraham Maslow, who wrote that these are "especially joyous and exciting moments in life, involving sudden feelings of intense happiness and well-being, wonder, and awe, and possibly also involving an awareness of transcendental unity or knowledge of higher truth (as though perceiving the world from an altered, and often vastly profound and awe-inspiring perspective)."

Thus, winning ideas inspire awe because they represent a profound desire to change the world in order to help others. They are solutions to problems that transcend ourselves. Yes, we may be

happy for ourselves, too, but what really energizes us is feeling that larger sense of purpose, to be playing our part within the interconnected matrix of society and the world. Every time we think of our dream, we should want to dance on a mountaintop and scream with wonder and delight. Enjoy the moment. Revel in it. Then immediately take steps to make that winning idea a reality.

Chapter 2

TURN A WINNING IDEA INTO A WINNING COMPANY

Don't keep your dreams in your eyes, they may fall as tears. Keep them in your heart so that every heartbeat may remind you to convert them into reality.

NISHAN PANWAR

When people have a winning idea and do nothing about it, the idea soon fades until it is forgotten. That is, until one day they encounter someone who has turned a very similar idea into a great company. Then there follows that sinking feeling in the pit of the stomach: That person could have been living a successful entrepreneurial life, if only . . . they had done something about their idea. What stopped them? Why didn't they follow through?

People talk themselves out of great business ideas all the time and for many reasons, but fear, negative thoughts, and a lack of self-confidence are the prime culprits. Like a kid touching a hot stove, people will convince themselves that any bad economic news, like a dip in the stock market, means that it's the wrong time to start a new business. But running a business is never risk-free, the economy will never be perfect, and waiting for the ideal conditions only risks letting your idea die from neglect.

Don't do that. Instead, immediately take action to make your business a reality, which builds momentum in the opposite direction. Once you discover your winning idea, incorporate it as a company. Online companies make the process simple and inexpensive (replacing the need for expensive attorney fees), and I consider this is to be one of the simplest, least costly, and most

effective things an entrepreneur can do. In fact, according to the Small Business Administration in 2018, 70% of all businesses in the USA are sole proprietors and 99 percent never register their business, which is crazy given all the benefits. The financial protection alone is worth the small cost, but where it really pays off is psychologically and emotionally.

The benefit of reacting forward cannot be overstated. Once you incorporate your company, you have set your idea in motion. You have established a business, one that you own. You are the boss, and you have the paperwork to prove it. Doesn't that feel exciting? Doesn't that build self-confidence? Doesn't that add to awe?

Now every time you see the paperwork, you cannot help but plan the next step, which is figuring out all the nitty-gritty details for how you will accomplish the business you've just created. This is what we will discuss in the next chapter: how to create a business plan.

<A>The RAS Conundrum: We Focus on What's Urgent and Important for Survival

Every second, our brains are bombarded with about two million bits of data from our senses and nervous system. That's more information than we can process into conscious thoughts, and so our brains have developed a system for filtering and prioritizing information. If our brains didn't do this, our consciousness would be overwhelmed, and we'd be too overloaded to make decisions.

The part of the brain that handles this function is called the reticular activating system, or RAS.

Psychologist Jerome Bruner said the "inhibitory system" of the RAS "routinely and automatically removes from perception, reason, and judgment over 99 percent of available fact."

Through various neural paths, the RAS connects the brain stem to the cerebral cortex. The brain stem controls many involuntary functions and bodily reflexes, while the cerebral cortex is believed to be the seat of consciousness and thinking abilities. The RAS links these two regions

and helps our consciousness focus on what's most important or urgent in any particular moment according to the belief system we have developed since birth. This is essential, but it's also a double-edged sword.

Out of those two million bits of data we receive every second, we only have the capacity to process around 147 bits. Pause for a second to digest that. As Bruner said, our RAS filters out nearly everything we experience, up to 99.927 percent, and hides it from our awareness. This is a conundrum: In every moment, we are blissfully unaware of almost all of the world around us.

The RAS filters out whatever we have decided, through learned beliefs or mental habit, is not important, and it allows into consciousness only whatever seems most relevant or needs immediate action. What does this mean for a first-time entrepreneur who wants to start a business? If we believe, for whatever reason, that it is the wrong time to start a company or that we lack the talent or ability to run a company, the RAS will let through information that supports these beliefs and filter out any contrary evidence. Any established negative habits or thought patterns will be reinforced, and in order to change them, we have to *decide* to change them and consciously choose to expose ourselves to new sources of data. In other words, we have to alert the RAS that it needs to focus on something new that's more urgent and important.

For instance, the RAS is the reason that, every time you learn a new word, you then start hearing it everywhere. It's why you can tune out a crowd full of talking people, yet immediately snap to attention when someone says your name. Advertising tries to hook the RAS: When you see a new car commercial that causes an emotional response, you tend to notice that car whenever you see it next.

Normally, all of this happens without us noticing. The RAS filters the world through the parameters we give it, which includes our philosophical, religious, and political beliefs, as well as our beliefs about ourselves. This helps to explain why we repeat negative behaviors even if

they hurt us. If we expect failure, the RAS reinforces that by filtering out any contradictory information. On the other hand, if we feel empowered or expect success, the RAS will focus on data that confirms and supports this.

Because of the way the RAS functions, it's difficult to change repetitive or habitual thoughts, behaviors, and experiences. Yet it's possible by deliberately changing what we focus on. Bit by bit, we can reprogram our RAS and gradually change the world we experience. Instead of letting a winning idea fade, we deliberately feed the RAS a new goal by incorporating the idea immediately. This is not positive thinking, but positive reaction and it makes all the difference.

<A>Positive Reaction: The Psychological Benefits of Incorporation

Maybe the most important benefit of incorporating your winning idea is that it immediately starts to retrain your RAS. Once you take action and make an emotional commitment to the idea, you are saying to your RAS, "I am serious, this is important, and I want this." Obviously, your incorporated company will not have much substance to it yet and maybe not for a while. That is not important. What is important is that you are acting on your intentions. You are breathing life into your winning idea and taking the first tangible steps to creating your own business.

Below, I explain how to complete the process of incorporation online. Usually within a few days after doing so, the paperwork will arrive in the mail. If seeing your company name in a bold header, with your name and title as owner and CEO, doesn't give you a thrill and make your stomach flutter, maybe you shouldn't start a business after all. If it does, this will give you a massive emotional and psychological boost. Your RAS will shift gears and start gathering all the information it can to help you succeed, as if it were saying: *Hang on a minute. This is real. This*

is no longer just a crazy idea. Red alert. Time to reconfigure our pathways. Looking for complimentary sensory data now!

Continue to support this positive reinforcement in every way you can think of. Make copies of your incorporation papers, and populate your life with them. Keep copies on your desk, next to the bed, in your wallet, in the car, in front of the TV, and just about anywhere you spend time. Create letterhead and business cards with your company name (and a logo; see page XXX), and take them with you everywhere you go.

This is essential. Every time you notice these, it will make you think about your business, and each thought will inspire you further and retrain your RAS. The more you do this, the more you rewire your brain to a new way of thinking. The more you rewire the brain, the more attention you place on the company. And what we pay attention to . . . grows.

While you commute to work, as you think about the paperwork in your briefcase, you might start to imagine how your company will be structured, who will manufacture the product, and who the ideal customers will be. Your RAS takes all this on board and before long your attention will be drawn to bill boards, articles, and commercials that you somehow missed before but which now help you continue a process of reacting forward. This launches what feels like a magical process of serendipity, as things fall into place, but it is simply the power of your attention. Your RAS is helping change the 147 bits of data to include your successful company and filtering out the rest. It takes time, but it works . . . always.

Read the paperwork again before going to sleep, and your dreams might help you solve difficult problems, like how to raise finances and what the final product will look like. You might fantasize about the difference your company will make in the lives of others or even what it will feel like to sell the company for millions.

As you sit in another mind-numbing work meeting or are doing the laundry, sneak peeks at the incorporation paperwork. Every glance gives you a psychological boost, and every boost increases your level of self-confidence that you can make your company real. Every glance rewires your brain to a new way of thinking, builds momentum, and keeps you on the path to startup success.

<A>The Positive Effects of Reacting Forward

I recently observed first-hand the practical effects when someone reacts forward and when they don't. During a remodeling job at my home, I was impressed by the quality of the work of the three-person team, but Anne stood out. She was the youngest and newest to the company, but she went the farthest to ensure that I was a satisfied customer. She seemed to be the main source of inspiration for the other two, and she was also the one who had the most innovative solutions to problems.

I asked her if she had ever thought about starting her own company. Her eyes lit up, and she confessed that she was always thinking about it. But just as quickly the light faded in her eyes, as she said she didn't think she could pursue her dream.

I pushed a little and asked what she had done to try, beyond just having an idea, and Anne reeled off a list of reasons why she had done nothing. She thought she did not have sufficient savings, and the economy was too shaky. She felt she might be too young and inexperienced. She lacked self-confidence, which wasn't surprising to me given the content of her thoughts. She was stuck in negative expectations, which reinforced themselves, since her RAS obediently identified all the reasons she couldn't start a company, rather than helping her solve the problem of starting one and taking the next step.

When I suggested that Anne incorporate her business and turn her idea into a real thing, her expression changed to confusion, then fear. This is a common enough reaction. To Anne, this sounded complicated and daunting. I explained it was neither of those things, and I described the positive psychological effects of reacting forward, but she didn't act on the advice, and as far as I know, she never started her company.

Fred demonstrated the opposite reaction. He worked as a software engineer for a well-known company, and he was always coming up with interesting product ideas. Acting on my advice, he incorporated his best idea as a company, and every time he glanced at the corporate paperwork, he became more enthusiastic. He said to me, "I started to think that perhaps it was not such a crazy idea. At first I tried to shake the idea out of my mind. Who was I to think I could run a company? Seeing the documents everywhere I went somehow made it seem less and less crazy, until I knew I had to do it. It got to the point where I knew I'd never be able to forgive myself if I didn't try to do something with it. I know if I had not made the idea into a legal company, and kept reading the paperwork, I never would have had the confidence to try it out."

Fred fleshed out a business plan during his spare time, and he asked one of his best clients for some feedback. Fred really just wanted reassurance, but the client loved the idea, and as chance would have it, he also had investor friends who were equally impressed. In the end, Fred was able to attract \$5 million in investor funds, and he is now the CEO of his own company. When I saw him recently, his confidence astonished me. He still has no business training, but he rewired his way of thinking, and now he thinks and acts like a CEO.

This is what reacting forward can do: build the self-confidence to pursue our dreams. Once we take the first concrete steps down the path, and put ourselves in motion, it reinforces all the next steps we need to take.

<A>Other Options:

There may be other ways to move forward with your winning idea without incorporating. The simplest way is to just start it. When you do that without incorporating you are a sole proprietorship, which is the simplest and most common structure chosen to start a business. It is a business owned and run by one individual with no distinction between the business and you, the owner. You are entitled to all profits and are responsible for all your business's debts, losses and liabilities. You do not have to take any formal action to form a sole proprietorship. As long as you are the only owner, this status automatically comes from your business activities. But like all businesses, you need to obtain the necessary licenses and permits. Regulations vary by industry, state and locality.

A sole proprietorship, however, is legally vulnerable and as we will discuss later even sole proprietorships should take the step of incorporation especially because the process is so simple and inexpensive.

You might also form a Partnership Agreement if you are going into business with one or more others, but again without the legal protection afforded by incorporation is is risky. You will get some of the same psychological benefits by doing either of these, but I still always recommend that people incorporate their winning idea.

A winning idea is likely to require investors, manufacturers, suppliers and other formally structured entities. These are typically incorporated and for legal reasons can be restricted in contracting with unincorporated businesses.

<A>The Practical Benefits of Incorporation

Still not convinced? Beyond the psychological benefits, how does incorporation help?
Glad you asked.

As I say, when an idea is incorporated, it becomes its own legal business. This new business entity transforms the way the business is seen through the eyes of the law, and it often has more credibility with potential customers, vendors, employees, banks, and investors.

For instance, consider Google's cofounders, Larry Page and Sergie Brin. For two years they ran Google without incorporating, since they didn't see any need to and it was an expense they felt they could do without. Then one day Sun cofounder Andy Bechtolsheim decided he wanted to become an investor, but he wanted to invest in a company, not two guys. So Bechtolsheim wrote a \$100,000 check to Google Inc., an entity that did not then exist, and handed it to Page and Brin, who got the message. On September 4, 1999, they filed for incorporation in California as Google Inc., opened a bank account in the newly established company's name, and deposited Andy Bechtolsheim's check. Andy Bechtolsheim was not teaching them a lesson in the power of reacting forward as they were already working on the business. He was teaching them a lesson in common sense. With a sole proprietor or partnership, there is unlimited personal liability for business debts or lawsuits. That means if you went out of business, creditors could target your personal assets, such as your home or vehicle as well as those of the new investor who by investing becomes a partner in the business. When you incorporate, you are responsible only for what you have invested in the corporation. That advantage alone is worth the few dollars it costs to incorporate.

Here are some other practical advantages to incorporation:

Legal Protection for a Purchaser

That asset protection is also important if you ever decide to sell your company. The purchaser of an incorporated business will not be personally liable if the seller did something unlawful, whereas if someone buys a sole proprietorship, they can be held liable for what happened in the past. Many successful small businesses are purchased by larger businesses, so the investment in the paperwork is essential to make that a smooth transaction.

Tax Savings

There are several tax advantages to incorporation. Your company becomes a distinct legal entity, even if it just remains no more than a file on your desk. That means that any business-related expenses, such as some home-office costs, become tax deductible. Sole proprietors can also deduct business-related expenses, but the benefit is often less. Sole proprietors report their business income on their own personal tax returns (Schedule C), and they also pay self-employment tax on the profit (Schedule SE), which at the time of writing is over 13 percent. In some cases, sole proprietors end up paying more in taxes due to self-employment taxes, and they are said to have some of the highest audit rates with the IRS.

Credibility

The abbreviation “Inc.” or “LLC” after your company’s name adds a touch of professionalism and credibility on any company stationery, especially with customers and lenders. Image is important, and customer confidence is tied to perceptions of your company.

<A>The Simple Process of Incorporation

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Incorporating a company is easy, takes only a few minutes and costs less than a couple of hundred bucks. Costs and registration requirements can vary by state. However, the dozens of online companies that specialize in incorporation have all this information, and the entire process can be completed by yourself online. Simply search in your browser ‘How to incorporate a company’

Be aware that some companies, particularly larger outfits that advertise regularly on TV, will sting you with add-on services and unnecessary monthly-maintenance fees. Their online narrative is also designed to make the process sound complicated and fill you with fear so that you will hand over a bigger check. Don’t fall for the trick. Read the small print or avoid these firms. Seek out a company that makes the process transparent and effortless, because it absolutely should be.

Though filling out the forms is easy, incorporation does require you to make some initial, important decisions about your company. These require some advance consideration, which are as follows:

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- Which state will you incorporate in?
- What is your company name?
- What type of corporation is it?
- Who is the registered agent?
- What are the articles of incorporation?

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I discuss each of these below, and then at the end of the chapter, I discuss a few more of the practical advantages of incorporation once your business is underway.

Which State Will You Incorporate In?

Most single-person corporations choose to incorporate in the state where the owner lives and works, and that's what I recommend except in a few rare cases.

One reason some people choose incorporation in a state other than the one they live in is because tax rates vary from state to state. Some states, like California and Hawaii, have tax rates around 10 percent. States like Florida, Nevada, and Washington currently have no state income tax, and that can be advantageous in certain situations, especially if you plan to sell your company at some point.

However, if you're operating your business in a different state, incorporating in a tax-free state won't excuse you from paying business taxes in your home state. Every state requires businesses operating within its borders to pay tax on sales or revenue that originates within the state.

Some large companies incorporate in other states that are particularly pro-business, like Delaware. The Delaware General Corporation Law is considered one of the most advanced and flexible corporation statutes in the United States, and for that reason, over a million companies, including half of Fortune 500 firms, choose Delaware. However, if you are still at the stage of simply incorporating an idea, I recommend just using your home state.

What Is Your Company Name?

This is probably the hardest question to answer, since many people drive themselves crazy trying to come up with a catchy name for their company. Choosing your business name is obviously important, but it's less important than people think. In short, my advice is to spend no more than a few hours considering possible names, and do not pay good money to hire anyone to do this for you.

During the online incorporation process, the service will run a company name search to ensure that your choice is unique in your selected state, and then you register the name.

Here are my tips for naming your company:

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- * The more the name reflects your product or service, the easier it is for the customer to remember.

- * Trust your instincts. If it feels right to you, go with it.

- * If you're unsure, take a plain piece of paper and scrawl out a series of words and names, playing an association game. Keep going till certain words and ideas stand out. Go with it.

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Don't stress about or get stuck trying to come up with a memorable company name. Remember:

A successful product or service is what turns a company into a household name, and a great name can't hide a lousy product or poor service. Your winning idea is going to make or break your company, not what you call it. That said, if your business provides a service, the name should reflect that service, so it's easy for customers to remember when they need you.

For instance, who can deny PayPal describes its service well? You might be surprised to learn, however, that the company was founded in 1998 as Field Link, and it was soon renamed Confinity. Only when Confinity was acquired by X.com and went public was the firm renamed PayPal.

What about eBay, the company that acquired PayPal for \$1.5 billion in stock in 2002? eBay was originally called AuctionWeb, and yet weak original names did not stop either company from succeeding.

Companies with great names like Circuit City fail as much as ones with nonsense names like Flooz.com, and yet nonsense names don't stand in the way of success, either. I have heard management consultants wax lyrical about the brilliance of the Amazon.com name, but founder Jeff Bezos actually came up with it on the fly. He wanted a name that was at the head of the alphabet, so it would show up first on list services when he started as an internet book retailer. Many successful companies change their names over time as their businesses evolve. For instance, Google was originally called Backrub. Then a year later, after a simple brainstorming exercise between the two founders, they changed the name to Google. Even Microsoft started out as two words, Micro and Soft.

In the end, choose a name that works right now. If you decide to change the name, it's easy to do and does not cost anything. You do not have to go through another incorporation process. You simply update the information online through the state website where you are registered.

What Type of Corporation Is It?

Like choosing a company name, choosing a corporate structure can seem daunting and intimidating. Every type carries different tax implications, has different rules, and can be preferred depending on your situation. However, for individuals who intend to own and run their own business, with no or few other employees, there is really only one structure I recommend: form a limited liability company (LLC).

In the United States, LLC registrations outpace other corporate structures two to one. For their simplicity alone, they suit most entrepreneurs' startup needs. In addition, just like your company name, you can alter your company structure at a later date if it makes sense as your company expands.

If you're unsure what's best or how incorporation will affect your taxes, consult with an accountant or other financial professional. And remember: Whatever decision you make doesn't have to be permanent. You can switch from one business structure to another (though it does require more paperwork and more fees). Here is a quick overview of US corporate structures:

<C>General Corporation

Also known as a "C" corporation, this structure allows as many shareholders as you want and is more typical of large public companies. If your company is in an industry that typically needs a lot of startup capital, like tech firms often do, or if you have aspirations of eventually holding an IPO, then a C corporation might be a better choice.

The problem with the C corporation is double taxation, since it is taxed at both the federal and state levels. Profit distributions are also taxed at the federal and state levels. If you are planning a small business with at most one or two other partners or investors, then avoid this structure.

<C>Close Corporation

Shareholders are limited in number to thirty. Not all states recognize close corporations, so most small businesses choose an alternative structure.

<C>Subchapter S Corporation

An "S" corporation is a type of general corporation that has a special tax status with the IRS that permits business owners and entrepreneurs to be taxed as if they were sole proprietors. S corporations avoid the double taxation of a general corporation, but there are some restrictions to ownership. Only citizens or permanent residents of the United States can be involved, and the

shareholder limit is set at seventy-five. For single-person and small businesses, other restrictions make it a complicated structure that can be distracting when someone is starting as a sole owner.

<C>Limited Liability Company

This structure provides the limited liability protection of a corporation with the “pass through” taxation of a sole proprietorship. Also, members of an LLC are able to divide company profits in any manner, regardless of ownership in the company. This flexibility allows an LLC to allocate profits and losses to the greatest tax benefit of the company’s members. Every state recognizes the structure, and there is greater flexibility in how they can be organized and managed.

Limited liability companies can usually sell “stakes” in the business, which act a lot like the standard shares of a corporation. The difference is that anyone who buys a stake, no matter how small, will have as much decision-making power as any other member of the LLC.

Certain types of businesses that provide professional services requiring a state professional license, such as legal or medical services, may not form an LLC, but they use a very similar form called a professional limited liability company (PLLC). In Europe and Asia the LLC structure is replaced by the Limited (Ltd) entity. They are not exactly the same, but the liability of members or subscribers of the company is limited to what they have invested or guaranteed to the company.

Who Is the Registered Agent?

You are required to name a “registered agent” in the state of incorporation. A registered agent is simply someone who is available during normal business hours to receive legal and tax

mail for the company. Designate yourself as the registered agent because you are the one who collects the mail.

What Are the Articles of Incorporation?

All new LLCs must file articles of incorporation, which is also called “articles of organization,” with their secretary of state’s office. That sounds intimidating, but it is just a short form that records the names of the LLC, its members, and their contact information. A single-person entity has one member who is also a manager, and that person becomes known as a member-manager.

Although this is often not required by law, you will be offered the chance to draft an operating agreement for your LLC that spells out the details of the business arrangement, including percentage ownership for you and any other shareholders, along with roles, rights, and responsibilities. For most single-person companies, you simply assign 100 percent of the share of ownership to yourself. If others are involved, the online form isn’t much more complicated than filling in their names and mailing addresses.

Chapter 3

MAKE THAT COMPANY REAL: DRAFT A WINNING BUSINESS PLAN

Failing to prepare is preparing to fail.

BENJAMIN FRANKLIN

Once you've incorporated your winning idea, the next step is to create a business plan. Most entrepreneurs want to avoid or skip this, particularly if they aren't trying to attract investors. However, no matter what your business, I think creating a business plan is the best way to start. Not producing a business plan is like trying to build a car from scratch without any instructions. The process of drafting the plan is the way you figure out how to build and run your company.

Further, it's the way you test drive that car to see whether it works before you risk taking it out into the real world.

Let me disclose here that I have performed the business plan process for each of my four companies. For two of them I went through the process twice more during their growth stages. In each case I produced a lengthy document that could serve as my bible should any vendors or investors ask me any questions. I always sounded like a knowledgeable genius on the conference calls while my fingers did the walking through the pages. But no one has ever asked me for a copy of the complete plans. This supports my premise that the purpose and benefits of the process are primarily for you.

Discussing the business plan process requires getting into the minutia of markets, business functions etc and I need to outline what each part of the process entails. Talking about the process can be a bit boring when the process itself is not. Please keep in mind throughout

however, that the main reason for going through this process is for you the start-up entrepreneur. The success of the process is what you as a business owner learn about your market, the customers and the competition.

A second reason for going through this process is to attract investors and your preferred vendors. For investors you will also need to produce an executive summary and an elevator pitch and we'll look at those in detail. If you are self-funding you don't need those. For vendors you'll need to be able to share specific sections relevant to their business such as manufacturing forecasts or marketing summaries and scripts for telesales.

Invariably, during the process, you will discover unexpected problems and opportunities, and you may need to adjust and adapt your plan, product, or service accordingly, which is basically the main point in doing it in the first place. Even if no one else reads the plan, this ensures that your business will fix what you want to change and do so in a way that supports a successful business.

Finally, through this process of discovery and decision-making, you will continue to rewire your brain and build self-confidence. You will acquire deep insight into your prospective customers and the market, and you will continue reacting forward and building positive psychological momentum. By the time you finish the process you will be itching to get started as your own boss.

Yet despite the evidence for the importance of completing a business plan, one study by *Inc.* magazine found that only 40 percent of the founders of companies on its top 500 list had bothered to write a formal business plan.^{xii} Only 12 percent said that they had conducted formal market research before launching their enterprise. Is it any wonder that so many startups fail? There are no shortcuts to success.

<A>A Business Plan Is a Process That Cultivates Success

To me, what's most important about a business plan isn't the final document. It is the process. The process of investigating your business, your customers, and your market is another form of reacting forward that builds self-confidence and expertise. In the end, your winning idea, as originally conceived, may not make the ideal business, but through this process you will learn what *does* and *will* make a successful business and how to see it through.

Research and experience back me up. A producer of business-plan software^{xiii} conducted a survey that found that those who complete business plans are nearly twice as likely to successfully grow their businesses as those who don't write a plan. Regardless of the type of company, the growth stage, or the person's intention for the business plan, the study found that writing one correlates with increased success in every business goal the study identified. These included obtaining a loan, getting investment capital, making a major purchase, recruiting a new team member, thinking more strategically, and growing the company.

The authors concluded: "While our analysis cannot say that completing a business plan will lead to success, it does indicate that the type of entrepreneur who completes a business plan is also more likely to run a successful business."

This raises an interesting question: Are the people who are most likely to succeed anyway the ones who usually create business plans, or does drafting a plan help teach and instill the behaviors of a successful entrepreneur? I think it's both.

One way we learn is through imitation, and this is hard-wired in the brain. In the early 1990s, a team of Italian researchers discovered individual neurons in the brains of macaque monkeys that fired both when monkeys grabbed an object and when monkeys watched another primate grab the same object. This led to the discovery of what are called *mirror neurons*, which allow animals to observe and mentally mimic the actions and feelings of others. This is how we

learn from others without necessarily going through the same experience. For instance, if someone stubs a toe on a raised paving slab and winces in pain, we grimace with empathy, since we mentally re-create what they are going through. Later, this helps us remember to step over that stone so we do not suffer the same injury.

This is analogous to what startup entrepreneurs do as they create their business plan. They are trying to identify and avoid the mistakes of others in the same industry while also identifying and mirroring the best practices of those successful companies that are doing it right. Further, this process of discovery fosters the right attitude to achieve success. The more data we collect, the more we understand, and this reduces fear and anxiety and increases feelings of competence. This creates a sense of flow, which is a sense of happiness and achievement right now as we work toward future goals. This relates to a concept called the “paradox of intention”; this states that we must have goals, but our present happiness cannot depend on those goals. We must cultivate happiness right now, whatever our circumstances, and *before attaining our goals*, in order to successfully achieve those goals. This is the peak state of flow. This is what we seek by making a habit of meditation and reconnecting with nature, and it’s also cultivated through the process of creating a business plan because self-confidence rises and that is innately linked to happiness.

The Importance of Self-Confidence

Dr. Lewis Terman, inventor of the Stanford-Binet IQ test, conducted a longitudinal investigation of 1,528 gifted children with IQs at the genius level. The objective was to understand better the relationship between human intelligence and human achievement. The study became famous for its discovery that intelligence was the lesser of several factors that

determine achievement. *Discipline and self-confidence were found to be more important than intelligence for achieving things.*

As you do all the work necessary to turn your winning idea into a real company that fixes problems and improves the world, building and supporting your self-confidence is essential. As I say, this is one goal of building a business plan, but I want to emphasize how easy it can be to let negative information and potential problems derail the process and undermine a positive attitude.

Contrary to what many in the media say, there is never a wrong time to start a business, but there is never a right time, either. There will never be a perfect set of circumstances. The economy peaks and troughs like a roller coaster. Employment figures can fluctuate wildly. Loans can be easy to get one day and hard to get the next. However, half the companies that make up the Dow Jones Industrial Average were started in the midst of a recession. Don't let pundits stop you from starting your business, but use the business-plan process to investigate existing circumstances and strategize how to meet them.

In other words, as you develop your business plan, expect that you will discover unforeseen problems and opportunities you would otherwise have missed. That's why the business-plan process is so important: It's about gathering information, identifying obstacles, and figuring out how to overcome them before you start. This can take time, and some challenges will be more difficult to overcome than others. Some opportunities may inspire you to adjust your original business plan. That's okay... it's a process.

However, don't let these issues or the steady diet of negative information from the media cause a cascade of equally negative thoughts that undermine your resolve. The media thrive on paralyzing us with fear so they can zap us with a dose of commercials, and pundits on TV and the radio can seem convinced that the world is about to end and everyone is out to kill everyone else. That's not the reality I see when I travel, but it can be hard to remain focused on our

winning idea when all we hear from the media is doom and gloom. So my suggestion is, if you feel your enthusiasm and self-confidence eroding, stop listening to the media.

Turn the dial, flick the switch, cancel the paper. Your RAS will benefit as you filter out the doomsday peddlers. Go cold turkey on the news if you have to, and listen only to positive, beneficial small-business advice on blogs, podcasts, and so on, ones that provide useful tips and support a positive frame of mind.

We can't stop negative thoughts from arising, or control them when they do, but we have 100 percent control over our reactions to our thoughts. If we hear or see something that causes fear or hurts our self-confidence, we should deliberately choose a more positive reaction.

<A>A Business Plan Focuses on Customers and the Market

What is a business plan? What does it do, and who is it for?

Peter Cohan, a successful investor and author, once stated, "I started investing in startups in 1996 and have seen plenty of business plans. . . . I have invested in six startups and three of those were sold for a total of \$2 billion. The other three went out of business, and even in that tiny sample, there is typically one connection between these successful business plans. Simply put, the successful business plans contained deep insights into the prospective customers. And the ones that failed did not."

That is the best and most concise definition for a business plan that I have ever read. A business plan describes prospective customers and the market potential, and it is written first and foremost as a blueprint for the business owner's own benefit. So many entrepreneurs fall into the trap of thinking that a business plan is an MBA-type thesis designed to impress investors. Entrepreneurs treat the business plan as a way to explain their winning idea. It is the opposite. Instead, after a process of investigation, the plan summarizes, not how great the winning idea is, but who needs

it, what problem it solves (that can't be solved without it), how you will get the attention of customers (and convince them to buy), how your product or service fits in the current marketplace, and how the company will be structured to survive financially until your winning idea is the runaway success that you hope.

To get all this information, you need to talk to people. Writing a business plan requires interviewing or surveying potential customers, particularly those who have used similar products or services recently within the market you will be joining. You want to learn what they like and don't like, what they value, and what improvements they'd like to see. Customers have given me some of the best ideas for product improvements and marketing campaigns. It also means investigating the competition and evaluating what others do well and do badly, along with figuring out how to distinguish yourself from what already exists.

Social networks and various web-based analytical tools can provide basic data for customer profiling, but by themselves, they rarely provide the deeper insights you need. Your prospective customer is not a set of digital fingerprints. Your customer is a real person with real feelings and opinions that often cannot be expressed appropriately online. When you research prospective customers, your goal is not just to understand the statistical profile of a group but to appreciate the subtle nuances of individual buyers and their thought processes.

What I find odd and disconcerting is that, given all the advice available about this topic, hardly anyone recommends getting away from your desk and actually speaking to people. Many times, I have listened to a business-plan presentation only to learn that the entrepreneur has not bothered to discuss anything with potential customers, distributors, or manufacturers. Many entrepreneurs think that they can understand their customers without actually meeting any in person, but those same entrepreneurs are often unable to answer even the simplest questions with

confidence. It shouldn't be a revolutionary idea, but it almost is: As you research prospective customers, meet and greet real living-and-breathing human beings.

What people say may surprise you, and what you learn can provide crucial insight, shortcuts, strategies, and inspiration that allow you to adapt to and take advantage of the constantly changing conditions in the marketplace. Ultimately, this reflects one of the "secrets" to success: Successful entrepreneurs adapt to the state of the market and the needs of customers. Yet the ability to adapt and make effective decisions depends on the depth of your knowledge and understanding, which is what you improve through the business-plan process.

For instance, one time I was able to significantly raise the price of a product when I discovered that a larger company had recently increased its price of a product by tenfold. I was interviewing a prospective customer who was hopping mad about the larger company's decision and who vented his feelings throughout our conversation. My product was in the same regulatory field, but specifically targeting a different need. I decided to reprice my product significantly prior to launch with the knowledge that I would not draw the same negative attention, since my product would still be priced below the larger company's product. Plus, no one would know I had changed the price.

Another time a prospective customer was assessing the product I intended to launch when she commented that she had seen something similar from a local manufacturer. She showed me a sample hidden away in a drawer. With a little detective work, I found a competitor had illegally entered the market despite the patent protection around my invention. Before that company could create too much market damage, I was able to use the strong patent position to get an injunction on their marketing. Eventually they withdrew from the market altogether. Without the business-plan process, I might not have discovered the competitor until much later.

How to Engage Your Stakeholders

Personally, I find the business-plan process the most exciting part of the startup phase because it requires face-to-face discussions about how to turn an idea into a company. To engage with potential customers, I usually go where I know they will be gathered in large numbers. Typically, that will be at a major exhibition running at a convention center, which is also where lots of my potential competition will be showcasing their products and services. I also go to shopping malls and markets where I can conduct surveys with prospective customers. Sometimes I have rented a small exhibit space at a relevant trade show and conducted a market research survey with attendees. People love to talk about themselves and answer survey questions, especially if I offer free coffee, bagels, or some other gift in return. What I learn in these events often takes my business idea in different directions than I would otherwise have envisaged. This sounds “old school,” but it is an essential. There simply is no substitute for a free-flowing conversation between an entrepreneur and a prospective customer.

There really are no rules on how to conduct effective face-to-face research. How many contacts is enough? Do you conduct formal surveys or simply chat to people? I think the answers really depend on your idea and its related market. I have done all of these things. I find that generic-style surveys with multi-choice answers result in generic responses. Alternatively, I find that having a casual, friendly chat with a prospective customer using the art of conversation eventually reveals exceptionally deep information about their true feelings. These are maybe not the feelings I imagined they might have when I included them as an option on a multi choice questionnaire, but truly emotionally driven opinions.

People enjoy surveys and quizzes and the anonymity of the internet can get you more realistic responses through a web site or social media group chat than bland surveys. That helps, but I feel that to really understand a customer’s perspective requires actual human interaction. In

all cases I believe authenticity wins the day. Being upfront with someone and explaining that you are planning a company to fix a certain problem, and that you don't yet know the answers to all the questions, gains support and camaraderie. People open up more and as humans most of us have a natural leaning to want to help the underdog succeed.

I can't say how much information is enough, but I know when my intuition is kicking in and pulling me in a certain direction. When that happens, I have enough data to form a strategy. This is how deepening intuition is so valuable.

Even if you have started a business already but avoided going through this process, I recommend you go through it now. It is never too late, and you will never regret making the effort. These conversations teach you so much about how others see you and your business, which is information that gives you the opportunity to mirror, adapt, and improve.

Psychologists say there are three perspectives on ourselves: There is the way we see ourselves, there is the way we think others see us, and then there is the way others actually see us. Only by getting away from our desk and talking face-to-face with our stakeholders can we grasp all three views.

<A>Creating a Business Plan

As I say, the process of researching a business plan is more important than the shape or size of the final document. How you organize and write your plan is less critical than the information you gather in the process.

Many entrepreneurs are bogged down with the idea that a written document is the goal of this whole process. It is not. No investor cares if your final document is 10 pages or 100 pages long. An investor wants insight. What makes this different? What need does it serve? What is the

market size? How is the investment going to be used? What are the barriers for competitor entry? Why is it exciting?

A manufacturer vendor wants to know what are your forecasts for growth? A commercial partner wants to know what explicit needs the customer has expressed that your product or service can delight. When they ask you for that information, you typically pull those data from your plan and give them just what they asked for and no more. These are the important data, not document style, format, size or even structure. No one cares about that. Please put all that nonsense and management consultant advice out of your mind. In the real world it is data that win, substance over style.

Here's the hard truth. In my experience no one but you will ever read the entire business plan, and you will probably only ever read it all through once, which is the day it is finished. Investors will read an executive summary (see later). Vendors will maybe read the sections that apply to their role. Later when you start your company, you'll find that despite all your effort there are many things that surprise you. That is where your adaptability comes in. Thereafter, the business plan document you spent so many months writing and stressing over collects dust until one day it gets tossed in the trash to be replaced with an update.

As an investor, I will read some or all of the executive summary (and pretty much make up my mind by the end of that) and then if I am intrigued, I'll look for what marketing and customer research has been done. If none, it goes in the trash can. It sounds harsh and arrogant, but it is the real world. Investors receive hundreds if not thousands of business plans every year and the majority that I receive read like they came straight out of a MBA course. Guaranteed trash-can toss. These days I charge people to submit their plan, and I have to say it does separate the wheat from the chaff.

Knowing this to be true, I also know of dozens of would-be entrepreneurs that spend weeks trying to produce a killer executive -summary, but without actually performing the business plan process. I repeat that the business plan is *NOT* a document. It is a process of interaction with customers and vendors. You cannot imagine or supplement that information and those executive summaries betray themselves within the first few paragraphs.

A successful executive summary only results when an entrepreneur has gone through the full process of creating the business plan. The resulting information collected can be formed into an organized document, but the knowledge gained in the process arms the business owner with the ability to write, present and pitch the killer summary.

My advice is: Don't try to produce a perfect document because you are the only one who will read it. Don't be anxious about following some standard format you find online, and never pay for an online business plan. Research each area I outline below by actually leaving your office and talking to real people in some way and until you feel confident you understand the issues involved and have adequately answered the major questions in your head. Then summarize and explain your findings as succinctly as you can for yourself in the document. That formal action of writing it all down cements the concepts and knowledge in your brain. It is not a step that can be skipped. In general, business plans that are worthwhile tend to be lengthy documents because you have uncovered so much information. Some so-called experts suggest succinct documents. It doesn't matter. What will sell the plan is the executive summary and the quality of that cannot be forged with clever writing or MBA-speak.

As for how to begin, one of the best pieces of general writing advice I have ever received was that — rather than start at the beginning, write through a middle, and go to the end — it's easier to start writing about whatever you find fun or interesting, and then expand outward from

there. Start with a story or an anecdote to get the creative juices flowing and then expand around that core story, filling in the blanks in whatever order that comes to you.

That is how I write business plans (and how I began writing this book): I jump into the middle and start with whatever interests me the most. Since marketing interests me, I usually start there. That leads to thoughts about packaging and manufacturing and off I go on another voyage of discovery. You can do the same. Start wherever you feel most comfortable, or with whatever inspires you the most, and keep going until you've covered every topic.

Nine Sections of a Typical Business Plan That Can Help *YOU* Grasp Your Business Opportunity and Strategy.

Here is a list of nine sections that typically appear in most business plans. Most of these name topics or issues that all plans should include or address in some fashion, but also that any entrepreneur should be thinking about before he or she forms the business strategy. You can use this list as the way to organize your investigative research, or you can merge topics, retitle sections, or reorder them in whatever way is appropriate for your business. In the next section, I describe more fully what each clause should contain, but keep in mind that this is not about completing the section for the sake of it, but about understanding the real world's perspective of your idea or company on that topic. There are plenty of example business plans to be found online to help you get started. Some of them, however, are very generic and more about promoting you as the entrepreneur than the market opportunity.

An alternative guide to help you understand what information is relevant to stakeholders is a public company S.E.C. annual filing. You can find these on any publicly traded company website and usually under the shareholder, investor, or financial tabs. The annual SEC filing is really a very detailed business plan addressed to the SEC and shareholders together and can be

an excellent guide as to the type of content that people care about. It doesn't matter that the company is a multi million-dollar enterprise. The only difference between you and them is the size of the numbers.

Another good source of information for overall market statistics, competition, product sales, demographics, and coming innovations are the annual market & research reports that are produced for just about every market. They can cost hundreds and even thousands of dollars mainly because lazy middle managers buy them in bulk and plagiarize the contents to impress their sales and marketing bosses with their market analysis presentations. I know because that is what I used to do. Fortunately, most senior management don't know that they exist. It is possible, however, with a little search creativity to find whole sections available for free as well as some of those impressive presentations that summarize the markets.

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1. Executive summary: a short synopsis of the entire plan that answers the question 'Why should I care?' It is described in more detail later in this chapter.

2. Business description: Market Potential (broad numbers) based on referenced research and customer feedback, then describes the type of business, the product or service, and the critical need it fills better than any other product or service currently available. Why customers will be delighted and how quickly the investor will get return on the investment.

3. Marketing: describes potential customers, competition, and how you will promote and market, potential customer feedback (help me build it and they will come) pricing plans, packaging, sales and marketing process.

4. Manufacturing and Distribution: describes the infrastructure for actually producing what you will sell including back up vendors and budgets and growth forecasts for 3 years supplies

5. Organization: describes the organization of the company Keep it short. Key opinion leader support, advisors if you need them (I never have advisors or boards but your industry may require them), business model diagram, chosen vendors, consultants ready to jump on board etc.

6. Critical risks: describes any significant challenges or obstacles and how they will be met such as competitor response to your market entry, challenges of organic expansion, inflation and rising manufacturing costs over time. Patentability and barriers to new competition.

7. Financial: provides estimates of expenses, revenue, cash-flow and profits, with particular attention to cash flow challenges (see later chapter)

8. Milestone schedule: describes the planned schedule and any significant deadlines for a three-year growth period

9. Appendix: as necessary, provides any supporting documents

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<A>Section by Section: The Business Plan in Detail

Below are fuller descriptions of what each section of a business plan can or might contain. As I say, how you write this is up to you, but ideally the plan will cover all the topics and answer all the questions that are relevant for your business. Use the lists of questions below as a guide for what to address. Successful entrepreneurs should be able to answer all of them fully if asked by a potential investor in a fund-raising meeting, while supporting the answers with actual stakeholder feedback.

When you feel you're finished, the litmus test for determining the effectiveness of your business plan is to share it with others, such as stakeholders you've interviewed or other knowledgeable people in the industry. Ask for opinions on your proposed marketing plans. Ask potential

customers if you have accurately identified their needs and matched them to the real benefits of your product. Then revise the plan as necessary to clarify, improve, and finalize it.

1. Executive Summary and Elevator Pitch

When your goal is to attract business partners — such as investors or vendors — you need to create one succinct description of your business that will be used in two ways. One is the single-page executive summary that gets sent to potential investors, the other is the verbal and shorter version known as the elevator pitch that you use to respond to people when they say “I heard you have a great idea for a business, what is it?” While your business plan’s executive summary overviews all the key points of the plan, you also want to distill this even further into a five-minute verbal pitch with a catchy tag-line intended to ‘hook’ the person who asked the question. For example, on my website you’ll find the catchy tag-line *Where transformation and financial independence meet*. If anyone asks me about my concept for courses and books that is it in a nutshell. *It’s about where transformation and financial independence meet; if you’d like more details I’d be happy to send you the course summaries. What is your best email address to use?* Done, next floor please.

The concept for an elevator pitch is to imagine stepping into an elevator at the same time as a woman with a million dollars in her pocket, but she doesn’t know where to invest it. To sell her your idea, all you get is the time it takes for the elevator to reach her destination. In vivid, passionate terms, you want to encapsulate your winning idea, why it’s sure to succeed, and what the investor will get out of it (or the return on their investment). This is no easy thing to do, and it requires much practice. In reality, though, you do not get 5 minutes, more like 30 seconds.

As for the executive summary, budding entrepreneurs sometimes make the same mistake of many job seekers when they send me unsolicited resumes that are pages long. I'm busy, and without a compelling reason to consider them, I'm not going to spend the time to review their entire work history. Further, the more detailed information I read, the more opportunity I have to make unchallenged judgments and find reasons to disqualify them as a candidate. A good resume highlights the most relevant qualifications, providing just enough information to intrigue me and make me want to call the candidate to learn more.

The executive summary is a one-page overview of the key data you discovered by going through the lengthy business plan process. If you did the process well, the one-pager will all but write itself. Everything included here should be explained or supported in more detail elsewhere in the plan. Here are the main topics and questions to include:

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- What is the \$ size of the overall market?
- In your business plan process you should have researched market reports. These days there are annual summaries of just about every market, which includes not just overall size but individual product sales,
- What is your niche? What need has been expressed by customers that you will satisfy? What is the market potential. If this is for investors only big numbers should be used.
- Who are the customers and what will constitute
- e a sense of delight
- How does it differentiate from other similar companies?
- How much capital will be required and how should it be phased into the company such as matched to milestones and growth

- How will the capital be used

What is the return on the investment (to your savings and/or outside funding)?

- Why is the venture a good risk?

There are lots of examples online. Just use your browser to search ‘brilliant executive summaries.’ There is no one perfect style. What will make or break yours is how well you know your market and that can only be gained by actually going through the business plan process.

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2. Business Description

In this section, describe the winning idea fully. Describe the type of business and the specific product or service. Describe the need it fulfills, and what makes it unique or different than the competition. Speculate on the growth potential, [such as new products, markets, customers?].

[See also “What Makes a Winning Product,” page XXX.]

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- What type of business are you planning? How do your customers perceive this business today. What are they unhappy about and what is the problem you intend to fix?

- What products or services will you sell? What benefit does the customer gain? What gives you the confidence to know you delight them? (feedback from real people)

- What type of opportunity is it? In China they sometimes classify business ideas as ‘me too,’ ‘me better,’ or ‘me first.’ I really like that classification.

- Why does it promise to succeed?

- What is the growth potential?
- In what ways is it unique?
- How does it compare to others?

3. Marketing

[See also, in chapter 7, “The Recipe for Great Marketing,” page XXX, “Outsourcing Direct Sales,” page XXX, and “Affiliate Marketing,” page XXX.]

- Who are your potential customers? Can they be segmented into sub-groups or niches. For instance, all humans drink, some drink sodas, some of them drink diet sodas, and some of them only drink sugar-free. These are all segments. How much do you know about them? Share customer feedback.
- Do you have pre-orders?
- Who are your competitors? How are their businesses positioned? What did they do well?
- What market share do you anticipate by year 1,2 and 3 based on the response you received from your customer conversations. How quickly will they be willing to adopt your service or product and abandon their old one? What tactics will ensure rapid adoption?
- How will you price your product or service? What did customers say about that? What pricing model will you use such as freemium (free for a period to try it out then a subscription) How will you ensure payment and quick payments?
- What advertising and promotional strategies will you use to generate leads and sales? Why have you chosen them? How have you tested potential effectiveness?
(see Successful Commerce page XXX)

- How will you get people aboard early?
- How will you get repeat business?
- Sales tactics? (See Successful Commerce page XXX)

4. Manufacturing and Distribution

- Who will make the product? What is the cost? Or who will provide the service and at what price? Describe the manufacturer or service provider and its history of business as well as its current financial standing. Describe back up providers in case your main one goes out of business.

- Who will ship the product and at what costs?
- What steps are required to produce your product or service?
- If you plan to manufacture yourself, who will be your suppliers? Costs, vendor stability and experience?
- Availability of labor and materials?

5. Organization

TWho will manage the business?

- Who is the CEO? What experience do they have?
- How will you structure your organization? Why? E.g. Hub model using selected vendors with comparable costs to building the functions yourself.
- What consultants and specialists will you need? How will you use them?
- What legal form of ownership will you choose? Why?

- What licenses and permits will you need?
- What facilities are essential?
- Board members and advisors. What value do they bring?

6. Critical Risks

There is no such thing as a risk-free business. [In particular, anticipate financial issues that relate to cash flow (chapter 4) and raising sufficient capital (chapter 5).]

- Future competition? What do you know about technology innovation in the pipeline. How are you different. Can you establish barriers to entry such as complication of manufacturing or patent protection?

7. Financial

No investor will believe you can get this right, but they want to see that you have made a deep analysis and considered cash flow. [Most of what's needed here is discussed in chapters 4 and 5.]

This section is basically a spreadsheet that attempts to capture all expenses and anticipated revenue growth over 3 years. It is always a guessing game

- What is your total estimated business income for the first year? Monthly for the first year? Quarterly for the second and third years?
- What are the full expenses of the business by week and month for the first 12 months?
- What is the anticipated revenue flow over time?
- What will it cost you to start the business?

- How will you cover personal financial needs?
- What sales volume will you need in order to make a profit the first three years?

8. Milestone Schedule

- Some businesses like research and development are dependent on reaching milestones before they can be sold. What are the milestones and when do you anticipate reaching them.

9. Appendix

- Include all important documents such as incorporation certificate, articles of incorporation, drawings of prototypes, diagrams of business model, agreements with vendors, stakeholder feedback from interviews and surveys, management team and advisory board resume summaries

<A>Every Business Plan Is a Work in Progress

Once you finish your business plan, the most important thing to remember is that business never goes according to plan.

For example, in the spring of 1891, twenty-nine-year-old William Wrigley Jr. moved from Philadelphia to Chicago and — with only thirty-two dollars to his name — started a new business selling Wrigley’s Scouring Soap. This made sense, as Wrigley’s father was a soap manufacturer, but demand was slow. To encourage merchants to stock the Wrigley brand, he

offered free baking powder with every purchase. To his surprise, the incentive was more popular than the soap. So he changed his plan and began selling baking powder instead. Because incentives had worked so well before, Wrigley made an offer to every customer of two packets of chewing gum with each can of baking powder. It wasn't long before the gum became more popular than the baking powder, and Wrigley adapted his business again. In 1893, he started selling his own brand of chewing gum and in several flavor choices.

This is a great story. Chewing gum was probably the furthestmost thing from Wrigley's mind when he started his business, but it was the product that made him a success. Though Wrigley lived in an era when things changed more slowly than they do today, he still adapted three times in three years and mostly followed his intuition. Today, entrepreneurs must adapt much faster, but the lesson remains the same. As soon as they open their doors, most businesses have to adapt to the reality of the market and adjust their plans to survive.

In other words, the business plan is not a one-off. It's a process, a constant work in progress, and I recommend reviewing and updating your plan annually. The *Harvard Business Review* magazine regularly makes the point that to survive long enough to hit a home run, a company must reinvent itself periodically, jumping from the flattening end of one business performance curve to the rising slope of another.

Very few companies make the leap successfully when the time comes. That's because they start the reinvention process too late. Once existing business begins to stall and revenue growth drops significantly, a company has less than a 10 percent chance of ever fully recovering.^{xv} Thus, it's important to continually track the market and competition, to review how well you are serving your customers, and to plant the seeds for new businesses before revenues from existing ones begin to stall. This is how companies enjoy sustained high performance.

After completing the process each year, it is also a good idea to use the executive summary to hold annual reviews with all your vendors, suppliers, and manufacturers. The attitude you want to create is one of teamwork by seeking continuous improvement from those you rely on for services. Share your success with them and thank them for being part of it.