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The Top 5 Do's and Don'ts for Every Entrepreneur

What do entrepreneurial war stories and speed dating have in common? Both save a lot of energy and heartache by quickly helping you separate the wheat from the chaff.

Recently Ben Elowitz shared some of his own battlefield experiences. A passionate entrepreneur, Elowitz is best known for his success as co-founder and vice president of Blue Nile, Inc., which is widely acknowledged as the first highly successful online luxury goods retail site. Prior to Blue Nile he directed business development for Fatbrain, an online bookstore acquired by Barnes & Noble in 2000. Today as CEO and founder of WetPaint, he and his team are at the forefront of Wiki website development, trying to change the way people share and collaborate about passions and interests online.

At a recent Northwest Entrepreneur Network meeting, Elowitz offered these nuggets of wisdom.

Top 5 Do's and Don'ts

1. Don't negotiate the last dollar out of a term sheet.

It's natural to want the best deal. However, Elowitz cautions that it's far better to talk philosophy than valuation. Philosophy is the starting point for long-term relationships with your investors, which are much more important than squeezing out every dollar on the term sheet.

Fair negotiating and solid investor relationships aren't mutually exclusive. The most effective way to ensure both is to carefully pick your investors. It requires taking the time to do your R & R—checking investor relationships and

referrals. Relationships give you insight into what people will do. References can tell you if you share the same goals and character. For example, is the investor you're considering

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Do they have value to add? Ask references how the investor acts in the board room? Elowitz says, "Most importantly, find out about the toughest experience a reference has had with the investor and ask yourself if you can deal with that."

Done well, a thorough R & R check will enable you to select investors that you can build a relationship with. From that stand point the negotiation of a term sheet can be done fairly, and equitably down the middle.

2. Don't start from -0- MPH.

Starting a business at ground zero is tough, slow and unnecessary. For example, Blue Nile was actually started by acquiring a company already selling diamonds. This offered instant learning and leverage. Elowitz repeated the strategy with Wetpaint when he found and acquired a similar company with an established website presence.

Buying leverage is smart, and should also be applied to internal growth. For example, at FatBrain, Elowitz discovered the benefits of outsourcing. When a cadre of engineers was hired to build the website, the staffing increase created chaos due to more meetings and competing perspectives. The takeaway:

outsourcing non-core talent enables startups to accomplish more with less and remain focused and flexible.

3. Don't depend on partners to break you through.

A common mistake many entrepreneurs make is "dependency thinking". Banking on partners to open channels, create sales, or expand to new levels can be limiting. In fact, research shows that most partnerships under deliver on expectations.

Instead, Elowitz advises putting energy into seeking out a great mentor or guide that can help you find your own way to break through. One approach is to find and work with someone who can provide sound advice beyond their core competencies. "I've known my attorney for 11 years but he's far more than a paperwork guy. He's dialed in on issues that matter to me and I regularly consult with him on strategy and how to diffuse situations," explains Elowitz.

4. Don't wait for Walt Mossberg to call back.

Even though you truly believe that your business should be on national news, remember humbly that you're not the center of the universe in everyone's eyes. The truth is that public relation's takes time and investment. Reporters and analysts are wisely wary.

Instead of wasting time getting frustrated, put effort into truly differentiating your offering. Remember the adage—when everything is bold, nothing is bold. Find the golden nugget that makes your idea and business stand out. This will enable you to win the

customer's affection and, ultimately, the media's attention.

5. Don't expect to be on YouTube once Walt writes.

Remember the one about not depending on partners to break you through? The same holds true with depending on the media alone to take your message viral. The secret weapon to becoming news that everyone is talking about is to aggressively stay focused on your customers. Consider the buyer's perspective in all marketing decisions. Show your customers that you relate to them. Design a marketing strategy that works with customers vs. advertises at them. Once your customers feel that kind of connection they'll be the fuel for your marketing—and potentially unlock the key to going viral.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.