

Secrets of a Serial Entrepreneur

We've all heard of serial behavior. It spans everything from killers to relationships, but "serial entrepreneurs"? What drives an entrepreneur to start company after company? Do they have secrets that make it "easier"?

Mike O'Donnell, president and CEO of locally-based, iCopyright is a serial entrepreneur. Over the past 20 years, O'Donnell has raised over \$50 million for new ventures. He co-founded one of the first high-speed electronic service bureaus in the United States. He was president, CEO and a founder of Ask Me Multimedia Systems. After selling that venture he embraced the Internet revolution, then raised \$25 million and founded iCopyright. Later that company was sold, but not for long. Recently a group led by O'Donnell re-acquired iCopyright. Once again Mike serves as CEO. What drives entrepreneurs like O'Donnell to keep at it again and again?

Mike says serial entrepreneurs like himself, are idea people. They see the world as "oceans of opportunity" and are driven by the belief that only 30% of all the really great ideas have been staked out. The rest are there for the taking.

Tricks of Free Enterprise

According to O'Donnell "there's nothing free about 'free enterprise'." Being prepared is key. He focuses each new venture into six phases and says you have to execute each with passion and precision or you're shark bait for investors, competitors, or the market's brutal natural selection process.

Phase 1: Start—Idea evaluation

Is it a good idea? Is it big enough? Can it create a new market? Will it change the world? According to O'Donnell, "All

start ups are a leap of faith and the true value of an idea is only discovered through execution."

However, execution requires energy, passion and determination to marshal the resources. So, O'Donnell says the most

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important question to ask is: "Does the idea motivate you?" If it does, odds are you'll do the one thing that separates entrepreneurs from others. You'll take action. Once you take action, O'Donnell cautions, "Don't look back and most importantly, don't worry about the 'end game' because it doesn't matter. It's all about the start." Investors always ask how it will end and O'Donnell advises, "Tell them it ends with them making a lot of money." No one knows how it will end up. A start up is a marathon and you have to get started to finish.

Phase 2: Innovate—Product valuation

How do you know if you have a good product? What makes it special? Will people buy it? "You have to have a key insight that provides a unique, sustainable advantage," says O'Donnell. Do your homework. Get a working prototype. Discover if it's easy to copy and have a strategy ready. Acting fast is critical. O'Donnell explains, "Your product will never be 'ready' so find a galvanizing event that forces you to get a prototype done so you can get feedback."

Phase 3: Sell—Market valuation

The first step to selling anything is to find a user reference. Ideally it will be a marquee account that can influence the market—someone others follow. Once you start getting users, selling more will be predicated on learning how people use the product. "Those insights will tell you what business you're really in, and you might get surprised," says O'Donnell. This is a critical phase for entrepreneurs because it requires understanding the buyer pain points, modifying assumptions, and possibly overhauling your product plan.

Phase 4: Hire—people valuation

According to O'Donnell, "The costs of ramping up with people, overhead and compliance can kill a company even before it has a chance to succeed". So he advises, "Fire yourself and contract with everyone and for everything you can." This saves 25-30% in overhead compared to hiring. O'Donnell adds, "I've found contractors know more and cost less and if you advertise for their position every six months their performance will stay up because they won't get too comfortable." Another secret? For positions you do have to hire, O'Donnell advises using a 1:3 rule. Hire three generalists for every specialist. He explains, "Advice doesn't build a company; work is more important."

Phase 5: Partner—Channel valuation

Serial entrepreneurs learn quickly that they can't do it all alone. Smart business owners work on building up a network of partners that know how to build a business. O'Donnell calls this "the piggyback strategy." He says, "The real secret to accelerating growth is to leverage all of your partners and their resources—their knowledge, distribution, customers, people and budgets." Think broad. Use your channel partners; offer

incentives to customers that make referrals; tap into your professional services network for all the help you can find.

Phase 6: Finance—investor valuation

“All money has the same value, however the costs to acquire it varies greatly,” says O’Donnell. He adds, “The best investors are customers, followed by partners with a strategic stake.” This doesn’t mean there isn’t room for venture capital money. However O’Donnell finds VC’s better suited for later stage investment where growth capital, not venture capital, is needed. However, all

investors are buying the future and the problem is no one knows what the future will be. O’Donnell says, “Your chances for future success will be much better with the money than without it, so tell investors what they need to hear, and then keep selling.” The company’s stock is your product. If you sell your product, your stock will go up.

Serial entrepreneurs really aren’t that different from others driven to create. In the same way painters must paint, writers must write, and musicians must play, entrepreneurs must venture—and usually more than once.

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.