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Re-Think How to Start a Company

Consider this: four years ago three friends wrote down their personal goals to see whether their aspirations were a good fit for creating a company. Out of this process came the inspiration for 43Things.com, a Seattle-based, Webby Award-winning social networking site. 43 Things helps people share their aspirations online and connect with like-minded individuals, creating communities around common goals. With a half-dozen staff, a low-rent Capitol Hill office, bootstrapped operations, and unconventional financing, Robot Co-op, the creators of 43 Things, built a profitable business that meets their own goals as well as their users. In the process they raised \$1MM from Amazon.com, published a book, created five more social sites, and served two million registered users. At a recent Northwest Entrepreneur Breakfast Meeting, Robot Co-op CEO and Co-founder Josh Petersen, a veteran of Amazon.com and Microsoft, explained why he thinks all companies should be run more like lifestyle businesses.

Turning Conventions Upside Down

Taking the long view on life, one thing Josh Peterson wanted to make sure his tombstone didn't say was, "He spent his life working for others." Knowing this, Peterson threw conventions aside and set out to answer two key questions when starting his business: Where do I want to spend my days? And, what do I want? He believed these questions would lead him to create the right start up environment and company, and lead to a happy, rewarding, profitable and productive work life.

Peterson found that he wasn't interested in the typical company business models he learned at Amazon and Microsoft. He

concluded that there were many different ways a company could function. For example, odd as it seems, the Robot Co-op team of six spend their workday all sitting at one large table with their laptops. There are no private offices or cubicles. They don't have meetings because they can talk with each other at anytime and instant message for private

Executive Insights



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meetings. Their size dictates that they don't need formal departments like Human Resources. They also innovate when it comes to tried and true processes like product testing. Prolonged, multi-step test processes used to improve the product and eradicate bugs are avoided. Instead, when launching 43Things.com, they sent the code out *with bugs*. This was viewed as a way to strengthen the bond between the company and its users, because user-inspired changes were integrated into hourly update cycles. Interestingly, this technology company also uses a lot of paper, often touting its benefits over PC's and the Internet. For example, product features are sketched out and posted on the wall to aid real time visual reviews. If they like an idea they draw it out so everyone can see it and give feedback. The benefits? It's faster than creating a visual interpretation using a computer; reduces cycle time, and involves everyone.

Giving Birth to a Lifestyle Business

Peterson says there is one question about his business that he gets from everyone, "Is this a real business, or is this a lifestyle business?" Peterson explains

that there are a lot of ways to realize business success. By his definition if a company is making money, it's a business. Maybe some views regarding what a business looks like need to be challenged. For example, a factory line looks like a business to most, but in reality that view of defining a business belonged to an era that is over.

Today, lifestyle businesses are fast eclipsing how entrepreneurs define work. Peterson's definition of a lifestyle business? He says, "It's what Venture Capitalists (VC) call a company they would like to invest in but can't because it is already profitable and capable of paying for its own growth." Poking fun at VC's aside, Peterson reinforces that there are many ways to build a business that should be considered. In building Robot Co-op the team opted to grow in a managed, slow manner. One benefit? It enabled the company to prioritize paying back all invested capital in less than three years.

When choosing a lifestyle business Josh Peterson does have one caution. He advises against focusing on hitting the home run idea. The reality is that the odds are greatly stacked against creating the next billion dollar idea like FaceBook, YouTube or MySpace. So why pick such a hard goal? Why spend your time going for the billion or die trying? There are a lot of \$10 million dollar lifestyle business ideas out there. Most are a lot easier to launch and more fun to run. They might also help you create a happier tombstone epitaph in the end: *Johnny's business helped him live rich everyday.*

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest

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