

Being an Entrepreneur—*Tips from the Trenches*

Glenn Kelman knows a thing or two about being an entrepreneur. After years in the trenches of start-up companies, this self-described “misfit” has a track record of successful ventures in his portfolio. Kelman is currently the CEO of Redfin, the world’s first online real estate brokerage. Before moving to Seattle, he lived in Silicon Valley where he co-founded Plumtree Software, a Sequoia-backed, publicly traded company known for creating the enterprise portal software market. Prior to Plumtree, Kelman worked as one of the first employees at Stanford Technology Group, another Sequoia-backed start-up, acquired by IBM for \$20 million. Kelman knows his way around a business plan, and he shared his advice with attendees at a recent Northwest Entrepreneurs Network Breakfast.

Gaining Clarity

Kelman asks, “If this were the last day of your life would you be happy doing what you’re about to do today?” He says if you are drawn to entrepreneurship, you’ll know because you won’t want to do anything else. To Kelman an entrepreneur is someone who “doesn’t like things the way they are and have the compulsion to change them.” They are often creative oddballs, who don’t quite fit in. However, if you decide to take the plunge Kelman cautions that you have to be ready for the pain. “It’s a lot of hard work. You have to be a really driven person and have confidence in yourself that you’ll eventually figure things out,” says Kelman.

The “big idea”

Getting the big idea is the first and the hardest step. Kelman suggests a good place to start is with what you know. “Think about your job and how much it would change if you were in charge.”

Start with what is frustrating to clients’ everyday and then consider how you would change things to make it better.” As you work through the process,

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Kelman cautions “don’t think small”. “No matter how crazy the idea, big ideas are a catalyst to draw good people to you. Big ideas also have big markets and in a big market there’s more room for mistakes.”

The pitch

“Raising money is a lot easier than most people think,” argues Kelman. He points out that venture capitalists (VC’s) have a lot of money right now and are looking for smart investments. It’s a good time to start a company, as long as you convey three critical elements in your investor pitch:

- 1) Prove that you have something that people want;
- 2) Demonstrate that you can do a better job of building it; and
- 3) Make sure you can make money.

Kelman adds this secret, “It’s simply not true that you have to show incredible, fast growth like the ability to make \$100 million in five years to raise capital. What you do have to do is cite realistic statistics about how you will make money and grow the company.”

The most important thing to remember about your presentation is to “get to the point.” Kelman passes along sage advice that a wise VC offered him years ago.

“Take the time to make sure every slide clearly communicates what’s in it for them.” Also, be able to give your entire presentation in two minutes. “This will get the investors attention because it keeps it simple and to the point.”

However, cautions Kelman, once a deal is on the table, although it’s fine to be a tough negotiator, don’t be too adversarial. “If you’re too greedy on the front end your VC’s will respond in kind and hammer you later—like when you come back for the crucial second round of financing.”

Rev your engines

Staffing is the key to getting the product built and sold, spurring some entrepreneurs to hire too fast. Kelman advises, take your time and trust your doubts when you are concerned about a candidate. His strategy is to hire those who are hungry. People that have already had a win with an IPO may look enticing, but they also may not be as desperate or as dedicated as someone with less experience. “You need the hungry people who will stick through the really tough times,” says Kelman who adds that you should also expect to make some hiring mistakes. However, unlike taking time to hire, the opposite is true with firing. “The most important thing to do is to act fast when someone isn’t working out. Don’t wait to save their feelings or avoid conflict. Remember, bozos replicate,” says Kelman. He recommends investing first in the people who actually build the product, and to be generous with the shares. “Give until it hurts.” The IPO will feel great if you’ve spread the wealth around and everyone is a winner.

When it comes to marketing, Kelman explains that people build relationships with companies just like they do with

other people. As a start-up, you have an opportunity to develop a unique company personality. To draw customers to you, “take a risk and be a little crazy.” PR is another very effective tool you can’t afford to overlook, and according to Kelman, you can do it without a PR agency. He explains, when pitching a story idea, “Think like a journalist, write the headline, and say the most interesting thing first.” Nearly all journalists list their e-mail addresses in their story bylines. Try engaging them in a dialogue first by sending them an e-mail commenting on a story they have written. “Ninety-nine percent of the time they will reply.”

Advice for the journey

Kelman is an entrepreneur that has learned a lot along the way. Here is some

of his best advice for building an entrepreneurial culture that will thrive:

1. When you don’t know the answer to something, admit it.
2. A great leader never says “I”. It’s always “we”.
3. Don’t shift the blame. Say, “It’s my fault,” and then focus on the solution.
4. Realize that your job is a privilege, not an entitlement. It brings clarity and grace.
5. Always “have a minute” when asked, and keep your door open at consistent times, even with a busy schedule.
6. Give employees the authority to fix problems and be their own entrepreneurs within the company.
7. Ban Blackberry’s and cell phones from meetings. It’s a matter of respect.

8. Likewise, be on time, and insist that everyone else is too.

9. Stop with all the advice and just say “good job.”

10. Give it your all so that if you lose, you lose nothing.

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.