Why Are You Doing a Startup?

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Apparently, a lot of people become entrepreneurs for the wrong reasons – to be cool, to make a lot of money, to be the next [fill_in_blanks]. This was a common theme covered at Startup School 2011 and the topic of a talk I've seen Dave McClure deliver in a way only Dave can.

I have been wondering about this rather irrational decision to start a company by reasonably smart people. It doesn't take a lot of analysis (or time in a startup) to see that the odds are highly stacked against startups – even with a survivor biased society. One can make a decent living doing many other things and in many parts of the world, entrepreneurship is even a cultural taboo.

> " In Paris, entrepreneurship is seen as something you're forced into after failing to find a "safe government job".
> – via Matthieu Lefort

> " In Spain, if you succeed as an entrepreneur, you are seen as either a crook or someone who got lucky.
> – via Ramón Suárez

Despite all this, **entrepreneurs are everywhere**.

I was particularly surprised to see that 60% of the traffic for my book comes from outside the United States – less than 10% comes from Silicon Valley.

Having done quite a bit of travelling lately, another difference I've observed is that startups in Silicon Valley look a lot like professional sports teams going for the championship, while startups in other parts of the world are driven by a different game – survival.

I believe the reasons for doing a startup vary largely but these reasons also morph over time. I started my first company in 2002 and have been in a startup almost since graduating from college. Looking back I can compartmentalize my own reasons for starting a company into 3 distinct stages:

Stage 1: Lure of Creative Addiction – Entrepreneurs are artists

Like many entrepreneurs, I was initially driven by an inexplicable **need to "create"** – to build something unique that potentially changes the world.

I started building a private social networking app called "6Degrees" back in 2002. Little did I know, that only months later Friendster would launch, followed by dozens of other social networking sites. That didn't stop us because we were taking a different approach (built on privacy/de-centralization). Competition felt like validation and gave us permission to keep "creating" more. Privacy and social networking back in 2002 didn't go together.

Lesson 1: Being different is good only if that difference matters.

Stage 2: Startup as survival – Artists need to eat too

Fairly early on, you have to figure out how your startup is going to

survive the "starting-up dip". I wrote a fun little post titled the "Shapes of Startups" that outlined various approaches to doing this.

Bootstrapping wasn't my first choice. I had just been part of a nine digit startup exit (largely owned by the founders) so I setup a meeting with the founders. To my surprise, while they liked the concept, they were unwilling to fund it's development. This was the first of many lessons to come on understanding startup risks and the true job of an entrepreneur. I didn't completely understand this one at the time.

Capital was really tight back in 2002 (especially in Texas) but I was determined to move forward. I eventually got a "lucky break[1]" from an entrepreneur in Norway who found me through a blog post and funded the development of the platform I was in building in exchange for a discounted licensing deal.

> [1]The amount of serendipity that will occur in your life, your Luck Surface Area, is directly proportional to the degree to which you do something you're passionate about combined with the total number of people to whom this is effectively communicated.
> – Jason Roberts, How to Increase Your Luck Surface Area

Even back then, I placed a premium on my time. I made a deal with my wife that I would use money as the barometer for success. In the past, whenever I wanted something I couldn't normally afford, I'd challenge myself to find ways to pay for it. I applied the same thinking here… building enough runway so I could afford my creative addiction was the prize here.

Strangely enough, I never missed a single paycheck for 7 years straight and got really good at survival which became a new reason for being. I gradually became less interested in learning how to build complex products and more interested in learning how to build successful products.

Up until now, I had built products in stealth, attempted building a platform, dabbled with open sourcing, practiced release-early release-

often, embraced "less is more", and even tried "more is more". This is also when I ran into Customer Development from where I followed the trail to Lean Startups which completely changed my approach to vetting and building products.

While I succeeded in discovering viable "customer problems" to solve and even got pretty far validating the business model (with positive cash flow), there was something grossly missing – **passion for the customer and their problems**. I had unknowingly tweaked my founding vision along the way from being problem-based: "connecting everyone on this planet" to being solution-based: "a peer-to-web framework that blurs the boundaries between the desktop and the web". I had become a company with a "solution looking for a problem" and the viable customers and markets I found were unexpected.

Note: It's important to point out that many companies fit this bill, and it's a perfectly plausible way to build a business. But it wasn't why I had started my company.

Lesson 2: Making money is the first form of validation but not enough.

Stage 3: Curse of Legacy – Artists need to constantly reinvent themselves

I was forced to confront my problem-passion disconnect and decided it was time to hit the reset button. Legacy can be an advantage or constraining disadvantage and this wasn't an easy decision to make.

In the last two years I had stumbled into new sets of problems – ones that struck a chord on many levels. I had setup this blog for me, as a way to hold myself publicly accountable, but along the way got swept into the world of Lean Startups and joined in on the conversation. I was positively surprised by the reaction and encouragement I received and decided to explore further. I reluctantly started writing a book and even more uncomfortably started running workshops. Both were ways of uncovering and testing new problems worth solving.

When I saw enough dots connecting, I called up my first customer

from Norway (Sverre Fjeldheim) and told him I was ready to sell the business. Within 2 weeks we had a deal and after a short period of company transitioning, I started laying the groundwork for a new company: Spark59 with a mission of helping other startups raise their odds of success. No, I am not pivoting to become a consultant. I love building products too much and have found a way to combine that with writing, experimenting, teaching, and working with other entrepreneurs.

Lesson 3: Only having passion for the solution is a problem.

Beginner's Mind

There are many reasons people do a startup many of which lead to successful businesses (and/or exits). I'm in this for the long haul. Startups can and do consume years of your life. You better make sure it's worth the ride.

My new formula for starting a company is finding a problem worth solving (I also care about) for customers I love working with. Rather than rushing into building a single solution, in Lean Startup spirit, I prefer late-binding multiple iterations of a solution that are only refined further through positive reinforcement from customers.

> "
> "The only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle."
> – Steve Jobs

A good hack for doing this (codified with the help of Patrick Smith) is immersing yourself completely in a vertical (any vertical) you are passionate about and surrounding yourself with other passionate people. People inevitably have problems and you (the entrepreneur) are wired to look for solutions.

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