

1 Entrepreneurial Mind



Fortune favors the bold.

—Virgil



My 10-year journey from college to starting up taught me how to think like an entrepreneur and embrace the startup life, a life that I am firmly planted in and thankful for every day. My story may be different from yours, but you'll probably recognize some elements and be able to learn from my mistakes and my observations.

After growing up in the cornfields of northern Illinois dreaming of a baseball career, I realized in college that it wasn't meant to be, so I decided to jump into computer technology. My computer technology degree from Purdue University landed me a summer internship my junior year with a consulting company in what was then the Sears Tower in downtown Chicago. I was getting paid \$20 an hour for the summer, which at the time was a lot for a college student who looked more like a 15-year-old.

The internship turned into a full-time opportunity and I took it. It wasn't the Chicago Cubs, but the Internet boom was still young and I was close to home and my favorite sports teams. I learned a number of things working at a fast-paced, scrappy technology consulting business. The first was that you don't have to actually have a product to sell it. We sold work that was not yet created off the idea that we could create it in just a short time. This was a new concept to me and one that has helped me sell our Tech Cocktail vision not based on where we've been but on where we're going.

It wasn't until the spring after September 11, 2001, that I learned the hardest lesson. The company wasn't doing as well as it previously had, and there was a cash-flow shortage, so they had to lay off nearly the entire team, including me and many of the colleagues I had helped hire. It was a sad day. I remember walking home in the cold Chicago rain. Getting laid off from my first job out of college taught me a very important lesson: *there is no security in working for someone else*. I had been raised believing that if you go out and work really hard, you can get a good job, build a career, and everything will fall into place. What they don't tell you is that some of the companies you work for may also

need to make changes to survive, at your expense. You might not get a shot at building the career you imagined no matter how hard you work.

But I still wasn't a rebel yet, so I went to work for a larger corporation, the Tribune Company, with the sense that it would be *more* secure. It had been around almost a hundred years, and I had grown up visiting the iconic Tribune Tower across from the Wrigley Building on Michigan Avenue. It was a Chicago media icon. So when I landed a job with the Tribune, I was sure I had found the place I was going to build a career—not to mention, they owned the Chicago Cubs. This meant I could see more Cubs games than ever before. I loved working at the Tribune and walking into the tower every day. It was a dream come true for me. But even though Tribune Company adapted early to get newspapers online, I started to realize that they were not aggressive enough—startups like Yahoo! and AOL were land-grabbing for niche industry news eyeballs online, and companies such as Craigslist and Google devastated the online classified and display advertising space.

While still at Tribune, I started my own personal blog called *Somewhat Frank* to review startups and better understand blogging, and I started to see things that needed improvement in the fast-paced blogosphere. And I was a developer, so I was in an interesting position. I realized I could literally develop a product to solve a problem, launch it via my blog, and acquire new users instantly. So I did just that.

At the time, spam blogs, or splogs, were a problem. I noticed that popular entrepreneur, investor, and blogger Mark Cuban, also the owner of the Dallas Mavericks, had been posting in the blogosphere about it. He was hot on the topic of splogs because he had invested in a blog search engine called IceRocket, which was getting infiltrated by spam blogs. Sploggers were churning out thousands of landing pages filled with ads for popular search terms, polluting the Web.

When I realized this, I sprang into action. A friend of mine and I spent our nights after work creating a simple product called Splog Reporter, with the mission of helping clean up the blogosphere one



splog at a time. The term *splog* hadn't existed more than a few days earlier, and we had already built a product to help tackle it. It took off! Within days, I started getting interviews and Splog Reporter was covered by the *Wall Street Journal*, *Wired*, and a number of other publications—even the *Toronto Star* picked up the story.

Splog Reporter lasted only about three months before we had to pull the plug. I realized that in order to really help IceRocket and other blog search engines clean up their indexes, while creating a sustainable business, I would have to build a comprehensive search engine, which was a bit out of scope for my first venture. It was a good decision, as Google then added their own blog search engine, crushing the competition, as it would have done to Splog Reporter.

Although short-lived, Splog Reporter had two pretty big impacts on me. First, I got to connect with Mark Cuban—that was a pretty memorable experience. Being mentioned in the same *Wall Street Journal* article as him was amazing. Second, Splog Reporter was my own little startup 101 course. It was a huge aha moment for me. I started to see problems as opportunities to build something. I now knew that with my coding abilities, I could launch a product, get users, and make lots of noise. I had a voice. What did I need my day job for, again? Oh, that's right: to make money to pay my mortgage, student loans, and car payment. But this was when I realized I could do it—I could startup.

All these experiences, and a few others I'll get to, rewired my brain from believing I needed someone else to give me a stable job to being excited about venturing out on my own. I learned that you don't have to follow the old ways and rules—rules that were making traditional companies struggle. I was finally ready to start Tech Cocktail, which is how I came to write this book and share my stories with all of you.

So what lessons can we learn from my story? Let's dive in and look at what it means to think like an entrepreneur and how to make sure you have the right mind-set to build a startup. Although not everyone is comfortable with the uncertainty or adventure that comes with entrepreneurship—or has the vision it takes to create something



from nothing—it's possible to train your brain to be more alert to opportunities, question rules, and constantly be in learning mode. Just being aware of this mode of thinking should help you better understand your own thought patterns and slowly and gradually shift them to the creative but focused, risk-taking but prudent, optimistic but failure-embracing attitude of the entrepreneur.

See Problems as Opportunities

Thinking entrepreneurially starts with thinking a little differently. Most people get caught up with self-imposed barriers that blind them to what's possible. This type of thought might start out with, "I'd like to, but I can't because ..." Entrepreneurs don't allow their minds to be shut off by these types of "I'd like to but ..." statements. They understand there may be potential barriers, but they're able to look past them. They see barriers as adventures, as the beginning of something big, and as the means to make something amazing happen.

Vision

I've witnessed two types of entrepreneurs: those who love the process of entrepreneurship, no matter the product or service (they just love the challenge), and those with a strong background in a particular field who see a way to improve it. The former is a creator, someone who probably couldn't fathom the idea of working for someone else and may be a lifelong serial entrepreneur. The latter often has a stronger vision, as this person knows the field better than anyone else and sees something that no one else can.

Do you have a strong vision for a better world? The vision that has propelled Tech Cocktail is to help entrepreneurs gain visibility locally and nationally and enjoy their startup life journey. To do that, we provide them with connections, community, and resources (news, reports, events, and more).



Think Less; Act More

The idea of going out and getting started is encapsulated in slogans such as “Just do it,” made popular by Nike. Sayings such as “Get shit done” or “Ready, fire, aim” (also the name of a book by Michael Masterson) have helped make these ideas more mainstream in the startup world. I always like to use “just start” as a battle cry for anyone sitting on the fence about the best time to unleash his or her idea into the world.

Saras Sarasvathy, an associate professor at the University of Virginia’s Darden School of Business, has done extensive research into how entrepreneurs’ brains work. She studied 27 entrepreneurs who had companies that had revenues ranging from \$200 million to \$6.5 billion and had started multiple companies with both successes and failures. She gave them case studies of problems faced by startups and asked them to talk through the problems while being recorded. And she found a major difference in the way entrepreneurs and nonentrepreneurs think.

What Sarasvathy observed is that entrepreneurs use effectual reasoning. Entrepreneurs assess the tools that they have, come up with goals on the fly, and keep adapting to new circumstances and new information. In other words, thinking and action happen at the same time. Nonentrepreneurs tend to prefer causal reasoning, kind of a cause-and-effect way of thinking, where they start off with a long-term goal and plot out the best means to achieve it. In essence, nonentrepreneurs think before they act. Although this continues to be the model many parents and educational settings thrust on young minds, entrepreneurs are less likely to follow it.

Always Learning

Remaining curious has helped me tremendously throughout the years. If I hadn’t sat in on that important blogging session in New Orleans,

explored the various blog platforms on my own, and learned about RSS and what it was doing to deliver content to people, it would have been harder for me to understand what this little but disruptive RSS-enabling startup named FeedBurner was doing in Chicago. I never would have met Dick Costolo, Matt Shobe, Steve Olechowski, Rick Klau, Don Loeb, or my Tech Cocktail cofounder Eric Olson. I never would have been introduced to Jen Consalvo, who was at AOL building products that leveraged RSS and working with FeedBurner at the time. She would never have joined me to take on Tech Cocktail full-time. I didn't know where all these things would lead me. But I let curiosity and serendipity be my guide. Looking back everything looks so logical—like I planned it out that way—but I didn't.

In life and in business, I am a firm believer in lifelong learning and keeping an open mind. In business, you need to take in and learn as much as possible from customers, competitors, and even other industries. At the same time, you need to constantly add on new skills such as leadership, marketing, funding, accounting—everything in this book.

Dick Costolo

In 2003, Dick Costolo co-founded the RSS tool FeedBurner with Eric Lunt, Steve Olechowski, and Matt Shobe. FeedBurner was acquired by Google in 2007, and Costolo went on to spend time there working on ads. He left to become chief operating officer (COO) of Twitter in 2009 and replaced Evan Williams as chief executive officer (CEO) in 2010. Costolo is based in San Francisco.

Jen Consalvo

Jen Consalvo is the cofounder and COO of Tech Cocktail. She has worked in product development for more than a decade, leading large and small teams in a range of areas such as digital imaging, community and social platforms, syndication, and personalization. The majority of her career was at AOL, planning and building products used by millions of people globally. Jen also cofounded Shiny Heart Ventures, which developed Thankfulfor, a gratitude journaling community. Jen is an angel investor in the DC group NextGen Angels and author of *Love Your Photos: A Simple Guide to Photographic Happiness*.



Risk

To startup, you need to be at one with risk. That doesn't mean being a risk lover. I'm certainly not—but I do have a high tolerance for risk. You have to be okay with being tight on money, time, and resources.

There are a few things you can do to minimize risk. Being passionate about the idea actually lowers the risk, because you get more intrinsic value and happiness from working on it. For some people, the real risk is staying in a dead-end job and regretting it later in life. There will always be another great-paying, comfy, 9-to-5 desk job waiting for you if you ever want to quit the startup life.

On the business side, entrepreneurs actually minimize risk as much as possible by testing hypotheses and talking to customers. In fact, Sarasvathy identified something she calls the affordable loss principle: entrepreneurs choose courses of action where they can afford to fail, limiting risk. Like the poker player who leaves most of his bankroll at home, they don't bet the farm on any one uncertain decision.

Rule Breaker

I loved coloring books as a kid. However, I didn't like staying in the lines, preferring to add personal flair to the images and make them my own. In some ways, those were my early rule-breaker startup genes oozing out. Startup founders are rule breakers; they don't stay in the lines. Look at the commercials for iconic companies, such as Apple, which says, "Think different" and "Here's to the crazy ones." These are geared at people who reject rules and the status quo in an effort to change the world—people who won't be ignored.

Entrepreneurs often have trouble working a regular job, and don't want to take directions from bosses they disagree with. They're generally stubborn in the sense that they believe their ideas and creations are better than the current options. It takes a little bit of an ego to think this way.

Entrepreneurs reject the rules about what can and can't be done; they reject the corporate standards of marketing, public relations (PR), design, work hours, and dress codes. They prefer to be fun, funny, or original; they work whenever they want, wearing whatever they want.

Optimism

Optimism is another characteristic trait of entrepreneurs. According to a survey done by Deloitte in October 2013, 82 percent of entrepreneurs thought their business would grow by at least 10 percent in the following year. This is *some* optimism, given that so many businesses fail. Along those lines, research by Harvard Business School senior lecturer Shikhar Ghosh suggests that 75 percent of venture-funded startups don't return investors' money and 30 to 40 percent completely go out of business. With such high failure rates, entrepreneurs have to be optimistic.

Although entrepreneurs don't believe in predicting the future, their optimism tells them that they can create it. This stems from seeing failures as learning experiences: even if they have a failure, they can still keep going. They're unstoppable because there is always another option. LivingSocial cofounder (and CEO until January 2014) Tim O'Shaughnessy says, "Until you don't have any more money as a company, there's always a play ... One of the best characteristics of a CEO is [knowing] there's always a play—people may not see it, but you have the ability to."

How can you cultivate optimism?
Michael Buckbee of Optimization Robot

LivingSocial

LivingSocial is a daily deals website that offers discounts to consumers based on a group buying model. The DC-based company grew out of a studio called Hungry Machine (launched in 2007), which built apps for Facebook. When they saw that deals could be a huge opportunity, they set aside their other efforts to focus solely on LivingSocial. Today, LivingSocial has raised hundreds of millions of dollars in funding and has more than 60 million members.



One suggests a trick from Conan O'Brien and improv comedy. He says to act as if what you're doing is completely normal: meeting big-name investors, huge corporate partners, or high-profile journalists. Just tell yourself it's normal, like it's a comedy act. Pretend the obstacles aren't a big deal—mind over matter.

Whenever my COO starts to worry or get consumed by the challenges ahead, she stops and writes down as many positives about the company she can think of. She says it stops the fear in its tracks. You need this optimistic outlook to make it through the ups and downs of the startup journey.

The Harsh Reality

Even if you think like an entrepreneur, it doesn't mean you're not afraid. Fear can be a great motivator. Chris Sonjeow, cofounder and chief marketing officer (CMO) at LoveBook, calls entrepreneurs confident worriers. NewFoundry CEO Richard Chang says, "Does it scare you? Good. If you aren't afraid, then it isn't challenging enough."

Sarah Evans

Sarah Evans is a "social media freak," consulting on social media and media training through her company, Sevans Strategy. She was the creator of #journchat, a weekly, live Twitter chat for public relations professionals, journalists, and bloggers. Evans runs and writes for *FAVES + CO.*, a blog about social and tech news, and is the author of the book *[RE]FRAME: Little Inspirations for a Larger Purpose*. She also spent a year as chief evangelist at Las Vegas startup Tracky.

Sarah Evans takes this attitude. A PR and social media expert, she decided to create a life mission statement: "I run unabashedly free through this one life without fear. I believe in the unexpected, I believe in abundance." But that doesn't mean she doesn't fear anything. Instead, she uses fear as a compass—telling her to head in that direction, because it will make her a better person. "Fear is also something that can motivate me. As soon as I feel afraid about something, I know

that I have to do it,” she says, whether that’s move across the country to Vegas, do public speaking, or take on more responsibility.

Dina Kaplan, a cofounder of Blip, struggled with crippling fears early on but didn’t realize it. Overwhelmed and overloaded by work, she was afraid to hire employees because she feared she didn’t deserve them and would be a bad manager. Kaplan never invited her entrepreneur friends to hang out, because she feared they didn’t really like her. When Facebook COO Sheryl Sandberg e-mailed her asking to meet up, Kaplan didn’t reply because she worried about wasting Sandberg’s time. This all led to panic attacks, and Kaplan becoming afraid of simply walking down the street.

But like a true entrepreneur, she learned to conquer her fears. She took time off to travel and forced herself to go scuba diving, zip-lining, and bungee jumping, all activities she was deathly afraid of. And it changed her life. Now, she asks for what she wants. Instead of saying what people want to hear, she is authentic and honest—even with venture capitalists. Every day, Kaplan now asks herself: “What would my life look like if I lived without fear? What would I do if I lived without fear?”

In school we are generally taught to be causal thinkers, in Sarasvathy’s words. An MBA program teaches you to have a predetermined goal and figure out the best means to achieve it—for example, deciding on a target market for an advertising campaign. We grow up learning to think like good employees, which includes following the vision of

Dina Kaplan

With a background in TV reporting and production, Dina Kaplan cofounded Blip in 2005. As it grew, Blip transformed from a video platform and distributor to a video destination, showcasing the best Web series. Based in New York and Los Angeles, Blip now attracts more than 30 million viewers per month. It was acquired by Maker Studios in 2013. When we last heard from Kaplan, she had gone on a life-changing trip around the world and was contemplating her next move.



others, following rules set by others, repeating the same tasks over and over, and doing more planning to avoid risks.

It's hard to rewire our brains and change the way we think. It took me a decade, so don't be hard on yourself if you don't jump off the entrepreneurial diving board upon reading this book. It might take some time to get your wires reset.

Celebrate: Enjoy the Journey

As an entrepreneur, I am grateful for every day I have the freedom to create and share ideas that could have a positive effect on the world. I think

Gary Vaynerchuk

Born in Belarus, Gary Vaynerchuk grew up in Edison, New Jersey, and eventually started helping out with his father's liquor store. That led to his creation of WineLibrary.com and the popular video series *Wine Library TV*. In 2009, Vaynerchuk and his brother AJ founded the social media agency VaynerMedia. The company has since grown to a team of more than 250 and worked with brands such as GE, Pepsi, and the New York Jets. Based in New York City, Vaynerchuk is an angel investor in startups such as Tumblr, Path, and Uber, and he's the author of *Crush It!*, *The Thank You Economy*, and (most recently) *Jab, Jab, Jab, Right Hook*.

gratitude is an important part of being a happy entrepreneur. A few years ago, I felt so strongly about it that I developed a gratitude community and application called Thankfulfor (<http://thankfulfor.com>) with Jen Consalvo, my partner and the COO of Tech Cocktail. The idea was to create a simple place to capture and share your gratitude—and in doing so, celebrate the things you have. It's a passion-fueled side project that helps remind us that no one can do anything alone.

Entrepreneur Gary Vaynerchuk—CEO of VaynerMedia and author of *The Thank You Economy*—knows that better than anyone. His life is infused with gratitude for his parents, who brought him from the former Soviet Union to the United States. And his attitude is an inspiration to any of us who forget to be grateful. “People have this entitlement thing—what are



you going to do for me and then I'll give you something. I hate that!" he says. "Being an immigrant, you're not entitled. I didn't expect anything. We had to claw and scrap for everything, and that's how I roll now. And even as I've become a bigger presence in this space ... I'm still so grateful."

The principles of gratitude can apply to your everyday life as well as your entrepreneurial life. One of the ways to enjoy the startup life—despite the roller coaster of challenges and stress—is to remain grateful for its enormous benefits. For example, you don't have to deal with a bad boss or worry about losing your vacation days. You are in charge of your destiny; you get to experience that feeling of ownership, pride, and potential for growth and huge success.

Bo Fishback, the CEO of Zaarly, says, "I can't even imagine working in a big, slow company right now. Whenever I get too stressed out, I think, 'What else on earth would I rather be doing?'"

Final Thoughts

Whether you're creating a teleportation device, building an app, or running a new media company—no matter how small or big your project—realize that you're changing the world.

"You become a true architect of life. You get to create ideas, create jobs, find better ways of doing things, so it's really an enjoyable experience," says Uassist.ME founder Alfredo Atanacio. And I couldn't agree with him more.

