

10 KEYS

**TO ENTREPRENEURIAL SUCCESS FROM
A TWO-TIME ENTREPRENEUR OF THE YEAR**



Or How I Captured Lightning in a Bottle
Twice and Created Half a Billion in Revenue



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RYVER  TM

Table of Contents

- 3 Forward
- 4 **Success Key #1:** The Omniscient Entrepreneur
- 7 **Success Key #2:** Always Have A Bias Toward Action
- 8 **Success Key #3:** Solve For An Existing Problem
- 10 **Success Key #4:** Positioning
- 13 **Success Key #5:** Obsess Over The Details
- 15 **Success Key #6:** Transparency
- 17 **Success Key #7:** Put Your Feet Up
- 18 **Success Key #8:** Salespeople wanted
- 20 **Success Key #9:** Never say die, unless it's obviously dying
- 22 **Success Key #10:** "Be the ball, Danny."
- 23 The 90-Day Rule
- 24 Afterthoughts
- 25 About The Author

FORWARD

I was born a salesman and an entrepreneur. I really believe that's true. Along the way, others have helped me become better, but the drive, desire and discipline to succeed at both have been a part of me for as long as I can remember. I was fortunate to have parents who made me believe I could achieve anything I set my mind to. I love entrepreneurs. I love being one, I love meeting other entrepreneurs and I love everything about entrepreneurship. Having twice been named the Ernst & Young Entrepreneur of the Year, I get asked a lot about what the magic bullet or secret sauce is that's allowed me to catch lightning in a bottle more than once. The answer should be obvious: There isn't one. If there were, everyone would be rich and successful. What I can share with you are some of the traits, habits and practices I believe increase your chances of success, and without which you're doomed to failure (or at the very least, far less likely to succeed!). I hope the following brings you the same success and satisfaction it's brought me.

Pat Sullivan

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SUCCESS KEY #1:

The Omniscient Entrepreneur

The first key to being a successful entrepreneur is to know your stuff. Know your product, know your market, know your positioning, your message and what it's going to take to get where you want to be. Benjamin Disraeli, who twice served as Prime Minister of England, once said the secret of success in life is for a person to be ready when their opportunity comes. Being prepared as an entrepreneur means knowing as much as you can. You need to become an expert in whatever it is you are attempting.

How? Study everything. Learn everything. Be curious. Seek knowledge from wherever you can. Then question everything you read and hear until you're confident in your knowledge of what you've learned. It helps if you have a natural love for learning, but if you don't, you better be disciplined enough. What you don't know will get you every time. I learned long ago I was not as smart as some, but I knew I could outwork my competitors.

I began my professional career as a salesman. I still am, but for the first 11 years I paid my bills entirely by carrying a bag and a quota. So, how did I go from being a computer salesman to becoming a co-founder and CEO of ACT? By teaching myself how to write code, that's how. I had a pretty good idea that the computers I was selling could be used to better manage my contacts. I also knew no one had done it yet. So I became my first programmer. I learned enough code to build the forerunner to ACT!

How did we take SalesLogix from nothing to \$108 MM in just 5 years? By clearly understanding exactly where the holes and opportunities were in the market, and then identifying the most effective and efficient way to get our product to our customers (more on this in Key #4). We had a crystal clear vision so that nothing was left to chance and little happened by accident.

In Stephen R. Covey's seminal work, *The 7 Habits of Highly Effective People*, his second habit is "Begin With the End in Mind." You've got to know where you are going and then you need a clear roadmap on how to get there. (By the way, if you haven't already read Covey's book, do yourself a favor and read it. There's a reason it's sold over 25 million copies.)

Now, if after all your study and research, there are still some things you don't know well enough, find experts



“The secret of success is to be ready when your opportunity comes.”

– BENJAMIN DISRAELI

and mentors who do. I've been doing this for nearly three decades, with more than a little bit of success, and I still seek out the expertise of trusted advisors and experts. If you have to, hire them. I was fortunate to have three great mentors in my life. Now, at 60 and in my 5th venture backed startup, I found a fourth mentor. There is always someone you can learn more from.

In my companies I always talk about only employing “A” Players. Now, I know everyone says that they only hire the best, and I believe most of them believe they do, but I'm telling you it's not the same thing. I'm not talking about good employees or even great employees; I'm talking about hiring the best.

In every organization there's an “A” Team, a “B” Team and a “C” Team, with talented, valuable people on each. The bigger my companies got, the more they looked like other companies with “A,” “B” and “C” players, but in the early days, all I have working for me is the “A” Team. Why? Because to be agile and still produce a great product in the shortest period of time, requires the very best talent you can get, in every position. By the way, if you find you also have a “D” Team in your organization, it's time for a reorg because you need to cut the “D” players loose.

I had an extremely talented employee working for us, but in the end it just didn't work out. He was so highly valued that his former employer quickly rehired him, but asked, “What happened? We've never found anyone better than you?” The former employee, a class act, honestly replied, “You don't understand, everyone there is in an entirely different league. I couldn't keep up.”

When I say “A” Players, I'm talking about the best of the very best.

You probably can't afford to pay them what their worth so give them stock options. People want to be a part of something that is going to change the world. They also want to be part owners. A lot of companies talk about employees “taking ownership,” but are stingy when it comes to actually putting their options where their mouths are. Talk is cheap, and in the end, you always get what you pay for. If you're serious about building something great, invest in an “A” Team. The result is an agile team that does great work, fast.

There are lot of good businesses you can start and be a solopreneur, but if you are going to do something big, it takes a team. Assemble the best team that you can afford. The more “A” players you can attract, the better. “A” players outperform “B” players by a factor of 2-10x, especially tech people like programmers, product designers and marketing experts. It is often hard to find these type of people much less hire them. But it can be done if you are good at selling! See #8.

I have been very fortunate to work with many people that were much better at something than I could ever hope to be. You have to be a pretty secure person to hire people better than you in their specific expertise. You will learn from them and add to your own experience and talent.

It takes a certain amount of humility to work with extremely talented people. You have to realize you don't and won't have all the answers. You have to be willing and able to

be wrong. Some arrogant leaders think if an idea does not originate from them then it can't be good. Or they often take credit for one of their people's ideas. That really sucks and is huge mistake. People need to know they are valued for their experience and talent. They need to know you are expecting them to contribute with original and often contrarian ideas. They need to know you have great respect for them. And if you don't have great respect for them, you hired the wrong people.

To succeed in a big way it takes a team. A great team. Trust me, you simply cannot do it on your own!

I am known for having very strong opinions, but I learned a long time ago that my opinion is not always right. I have been wrong many times. I go out of my way to demonstrate to my team that I know I am not always right and I expect to be challenged. I can state my opinion very forcefully but then say with sincerity that I may well be wrong and want everyone else's view. People who work with me learn that I expect them to make their opinions known forcefully. Heated discussions can be very valuable as long as everyone knows it's just a discussion. It's not a war!

Whenever I sense that someone else is holding back I usually say, "If you and I always agree then one of us is no longer needed—and I am not going anywhere." I love to hire strong people. If I can intimidate someone, they ought to be intimidated. If they are not strong and secure enough in themselves, they probably don't fit and need to go.

I go out of my way to get consensus on a significant decision. There are times when I KNOW the right thing to do but I'll still discuss it as long as it takes to get everyone on the same page. I want it to be OUR decision, not my decision. People need to know they have been heard if they are going to get on board even though they may think a different decision is the right one. I almost never make arbitrary decisions. There are times when an unpopular decision has to be made but that should be very rare.

I love it when someone on my team comes up with something brilliant. I am quick to make a big deal of the fact that it is brilliant. I'm also relieved that a problem has been solved no matter who it is that solved it.

"If you and I always agree then one of us is no longer needed—and I am not going anywhere."

At ACT!, it was my partner Mike Muhney who thought of the name. For months we tried but could not come up with a great name. It was so frustrating! He got on a plane to NY and said to himself "by the time I land, I am going to have a name." When he got back home and told me the name and how he had arrived at it, I knew he had discovered the right name. ACT. An acronym for Activity Control Technology. I added the exclamation point. ACT!

At Ryver we wrestled for a very long time about our positioning (see #4). We thought we had built a new and innovative CRM system. But it became very clear that was not what we had built at all. Everyone we showed it to said they loved it but "it's not CRM!" We would ask "well then, what is it?" They replied, "I have no idea." We wore out every possible position we could think of. We'd settle on something for about two days and then we'd all hate it. This went on for months as we were working to finish the product.

Finally one of the co-founders walked into my office said he had figured it out. He then made the case for "Team Communication." When he was about halfway through, I KNEW he had nailed it. I was thrilled! Once we adopted this position, it resonated with everyone inside and outside the company. We had spent two years reimagining email and the answer was Team Communication. I was thrilled that SOMEBODY had figured it out. I would have liked to have been the one to do it, but it did not have to be me.

I recently said to someone that while I get much of the credit for ACT!, SalesLogix and now Ryver, "the great thing is that I know no one person can take credit for any of them." It took a team.

The bottom line is, when it comes to entrepreneurial success, knowledge is power. Get it where you can, when you can, from whomever you can.

SUCCESS KEY #2:

Always Have A Bias Toward Action

Okay, now that you know everything, know this: you can't know everything. But that's no excuse for not acting.

Being a leader means making decisions and taking action. They should, of course, be informed decisions (see Key #1). If for some reason you're in the habit of making uninformed decisions, please stop reading and close this e-book now. Nothing I write here can help you succeed if you don't know what you're doing. It seems obvious enough, but it's shocking how many people fail to really know their business. Which is why it's less shocking that so many of their businesses fail. But, if you put in the time, work and effort, then you should trust yourself to make the tough calls.

It's what I call, "being comfortable with ambiguity." It would be nice if everything was black and white, but real leadership lies with what we do in the grey area. And let me tell ya', there's A LOT of grey area!

The bottom line is you can't let problems fester.

Say you have an employee, even a co-founder, who just doesn't seem to be the right fit. It's seldom an easy thing to let someone go, but delaying the inevitable doesn't help them, and it definitely doesn't help the company. Be slow to hire, but fast to fire. Like I said, NEVER let problems fester. Bad fits at a company have a ripple effect on employee morale, company confidence and performance. If you notice the problem, you can be sure that others do, too. Regarding poor performers I always say, "The CEO is usually the last one to know." Dealing with staffing problems not only builds your team's confidence in you as a leader, it also builds their self-confidence as valued employees who are still part of a great team.

"There is no more miserable human being than one in whom nothing is habitual but indecision."

- WILLIAM JAMES

And it's not just staffing issues.

A year into Ryver, my current company, we realized the underlying technology and the user experience just wasn't good enough. It was too slow. More importantly, we simply couldn't see how we could get where we needed to go with the staff and platform we had.

We could either do the easy thing and continue doing what we were doing and hope for a different outcome (the definition of insanity), or we could assemble a new team and start all over on a platform that actually could get us where we needed to go. We chose to start over, and thank God we did! Despite the success of both ACT! and SalesLogix, I believe Ryver may prove my greatest success and accomplishment, but it wouldn't have been possible if we didn't have the courage to make the hard decision.

In *Good to Great*, Jim Collins wrote, "Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline." In the world of entrepreneurship, indecision is death. To succeed you have to have the discipline to make the tough calls.

SUCCESS KEY #3:

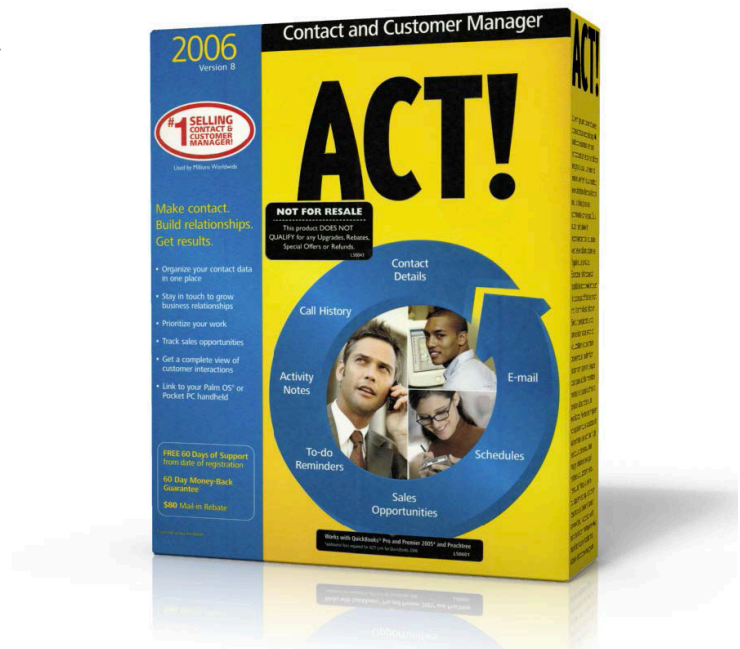
Solve For An Existing Problem

When I look out over the landscape of new product offerings, what I tend to see is a lot of more-of-the-same, or a bunch of pseudo-innovative solutions looking for a problem. Maybe that works for some, but I have my doubts. For me, success in product development has always come from solving for one of my own existing needs.

When I look out over the landscape of new product offerings, what I tend to see is a lot of more-of-the-same, or a bunch of pseudo-innovative solutions looking for a problem. Maybe that works for some, but I have my doubts. For me, success in product development has always come from solving for one of my own existing needs.

It was the case with ACT!, SalesLogix, Jigsaw Health, and my current company, Ryver. Let's take a quick look at each.

ACT! was never the result of my desire to build the world's best-selling contact manager. It was born out of my desire to be a better salesman. I was selling computers, and



realized I could probably use the very product I was selling to better manage my contacts. So I taught myself how to write code. When co-workers began wanting to use it, I knew I had something. That prototype would eventually become ACT! (which fortunately did turn out to become the world's best-selling contact manager, despite its humble beginnings).

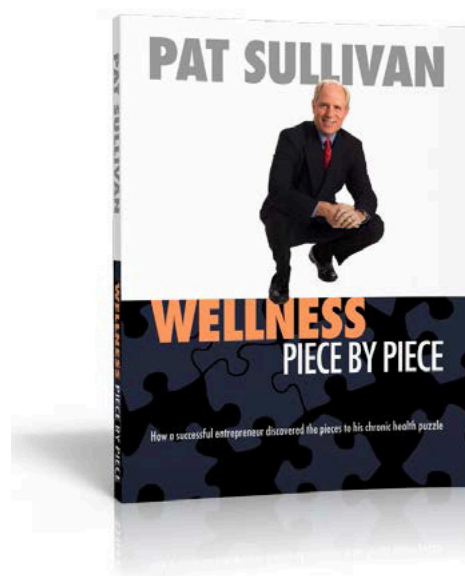
The point is, our problems are almost never our own. When I solved for the problem of managing my own contacts, I was also solving for the same problem experienced by salespeople everywhere. On average, people found their number of contacts went from 50 to 500 after just six

months of using ACT!. That's why six million salespeople paid for ACT! – a \$395 price tag in the late 1980s – out of their own pockets.

SalesLogix was created to fill the need for a real mid-market CRM product. I'll go into more detail about the specifics of SalesLogix in Success Key #4, but for now it's enough to know there was an obvious hole in the market. SalesLogix was created to fill that specific need and 18 months later we were the #1 Mid Market CRM in the world.

Jigsaw Health, my premium dietary supplements company, along with my book, *Wellness Piece by Piece*, were both the result of my personal 30-year struggle to solve the puzzle of my own recurring chronic health issues. More than 125 million Americans suffer with chronic illness. I'm one of them. My search for the supplements that worked best for me led me to co-found Jigsaw Health, where we now produce the most effective and bioavailable magnesium supplement in the world.

Ryver is for the nearly 1 billion of us who spend a third of our work week trying to force email into unnatural acts it was never designed for. We live in email. I always say that email is the real CRM because it's where salespeople spend most of their time. The problem is, email didn't keep up with all the changes in how we communicate and collaborate today. Other technology has made dramatic leaps forward over the past 20 years, but email looks and acts almost exactly the same. So we created Team Communications



because buried inside our Inboxes is our most important Team Communication. When you get 200+ emails a day, it is hard to find the 50 that are really important! When you get those out of email and into Ryver you always KNOW everything in Ryver is important. Things left in my email are important too, just less important! It's the only email actually built and designed for how I communicate and collaborate today with all my most important teammates. We built Ryver because it's the way I want to communicate with everyone important to me.

Necessity will always be the mother of invention, and solving for an existing problem will always be preferable to creating a "solution in search of a problem" if for no other reason than the obvious – it solves for MY existing problem.

SUCCESS KEY #4:

Positioning

Somehow “positioning” logically fell into position #4, but know that for me it may be the single most important key. You can easily argue that having a clear and simple statement that describes the one thing that separates my company from everyone else’s has played a huge role in my repeated successes.

And it almost always begins with getting rid of “and.”

Most entrepreneurs believe it’s better for everyone to know everything their product or service does and provides, but they’re wrong. Trust me, I know, because at the start of ACT! I was no exception. In the early days you would hear us try to describe ACT! as a “contact database and a word processor and a calendar, and a report writer, and an expense manager, and it dials the phone and automatically addresses your letters and faxes, and, and, and... would you like to buy one please” It was a great product that really did do everything, so why wasn’t it selling as fast as we thought it should?

Remember in Key #1 when I wrote that if you don’t know something, find someone who does. Well, that’s what I did, and when it comes to positioning, Al Ries and Jack Trout wrote the book. Literally. The first book to really deal in depth with the problem of how to be heard in an already overcrowded marketplace, *Positioning: The Battle For Your Mind*, was all about how to position your product in the mind of the customer. I’d read *Positioning* (you should read it too), and felt the solution to our problem was in its

pages. I just didn’t know how to apply it specifically to ACT!.

So I called Jack Trout and few weeks later we were in New York to meet with Jack and Al.

In *Positioning* it says, “The easiest way to get into a person’s mind is to be first.” It goes on to say that in advertising it is “best to have the best product in your particular field. But it’s even better to be first.” Fortunately for ACT!, we were both first and best. We were the first contact manager because we were creating a new category, but I still didn’t know how to turn that into a powerful positioning statement. Fortunately for ACT!, Al did. “You are the best-selling contact manager.” I told Al I wasn’t comfortable saying “the best-selling” because we had only sold a few hundred copies of ACT! at that point.”

And it almost always begins with getting rid of “and.”



Cherchez
le creneau.
Look for
the hole.

"Does anyone else call their software a contact manager?"
AI asked.

"No," I said.

"Well, that makes you the best-selling!"

And suddenly ACT! was no longer simply ACT!. From that moment on, everyone in the company was taught to always say, "ACT!, The Best Selling Contact Manager." We said it because it was true. And the more we said it, the truer it got!

By turning "and" into "the" we stopped having to describe every single thing we did. We were simply the best. ACT! eventually owned 90% market share at retail and has sold over eight million copies to date. We created the Contact Management category. Jack and AI also had us change the name of our company from Conductor Software to Contact Software. That way all of our future competitors would have to use OUR name, Contact, to describe THEIR products.

What are you the first at? In what way are you the only, the leader, the best? If you're not the "first" or the "leader," where do you excel? What differentiates you from the competition? In short, how are you going to position yourself in the mind of your consumer?

Answer the big question and you'll answer a thousand little questions. Whether it's about positioning or something else, if your people keep coming to you with questions, it's

usually because you haven't answered a big question. This is never truer than with positioning. At ACT! there weren't a lot of questions because everyone was on the same page. We were ACT!, The Best-Selling Contact Manager. People could now answer many of their own questions simply knowing what we were.

By the time we started SalesLogix we knew a lot more about positioning. In *Positioning*, it talks a lot about the French marketing expression, "cherchez le creneau." It means, "look for the hole." So we went looking for a creneau and found a huge, gaping creneau so big you could drive a truck through it.

Then we built a truck.

In the mid 1990s the low end of CRM was dominated by ACT!, which was sold at retail. At the high-end were companies like Siebel, Scopus and Vantive. The high-end consisted of enterprise level products that were "sold by suits."

The creneau was in the mid-market, but we knew the key was in building a product a VAR (value-added reseller) could rapidly sell, customize and profit from. Everything we did was with that in mind. That clear vision told us what to do, and what not to do. We didn't have to worry about retail or packaging. We didn't have to worry about hiring the sales teams or support elements necessary for enterprise.

Before the product shipped we had already recruited and trained 50 VARs, so the day it launched all 50 were fully-trained and ready to take the leads.

At SalesLogix we became a marketing, training and selling machine. We woke up everyday with the goal to recruit, train and make productive 50 new VARs a quarter. It's a goal we never missed. Good execution. Good people. Great product. VARs were lining up to the point that "recruiting" simply became "choosing" which 50 VARs we wanted to take that quarter.

In 18 months we were the #1 Mid Market CRM in the World, and in just five years we grew from nothing to \$108 million.

The key was positioning and starting with a very clear vision.

Sometimes positioning means repositioning. I'm a competitive guy and I always strive to be the best. With Jigsaw Health it was no different, but it became clear very early on that we had neither the money, time, nor resources to unseat the giants in the supplement industry. But that didn't mean we couldn't still be the best at something. So rather than pick a fight with a giant we couldn't slay, we found one we could. Magnesium.

We weren't the first or the biggest in the supplement field, but you won't find a better magnesium supplement. By combining a premium supplement with a focus on sustained release technology to allow the body to absorb the active ingredients over time, rather than all at once, we found a creneau that 9 years and over 100,000 customers later has made us "the magnesium company." More than 80% of our orders come from repeat customers. No one ever thought you could make magnesium sexy, but we did. It's a superior product that has given us a superior position.

As I wrote in the previous section, Ryver began as a desire to improve CRM. Like most people, we hated working in CRM to the point where most of us didn't. We worked in email then put data and numbers into CRM as needed. Our answer was "Simple. Sophisticated. CRM." Truth be told, it wasn't a bad position. We had a clear message and target market. Unfortunately what we didn't have was a CRM product. Don't get me wrong, we thought we did, but every time we demonstrated Ryver, the response was universally the same: "We love it. We want it. But it's not CRM."

You have one chance to own a position in the mind of the market.

After hearing that for the twentieth time, we had to admit everyone else was right. In an attempt to improve CRM, what we had actually done was solve for the larger deficiencies and inefficiencies of email, the application where we actually spent most of our time.

The Rip Van Winkle of technology, email was seemingly asleep for 20 years while the rest of the world around it changed. The choice for Ryver was to realign the product with our original goal of making a better CRM, or go down the path of bringing email into the way we work in the 21st century. We chose the latter. The result is Ryver Team Communication, all your most important team communication in one place available on every device!

The new position was not only more accurate to the product we were actually building, it also widened our potential target market by around 900 million. Not a bad place to be. Everyone in business who uses email has a team of people they communicate with. That is their most important communication. Ryver allows you to pull all of that communication into one place where you can best deal with it. It's awesome. I can't imagine building a company without a product like Ryver!

In *Positioning*, Ries and Trout tell us positioning is not something you do to your product, but rather something you do in the mind of your prospect. "That is, you position the product in the mind of the prospect." The market will only grant a product a single position. A product can't be the best "something" AND the best something else. You have one chance to own a position in the mind of the market. It is critical you figure out what position you can own that no one else does. I share it with you again here because I believe nothing has been more responsible for my success.

SUCCESS KEY #5:

Obsess Over The Details

Details are often the difference between success and failure. There are a lot of details in life I really don't care that much about. Just give me the overview. But when it comes to my product, my messaging, my positioning, how we sell and market etc., I obsess over nearly every detail. I love it! I want everything that I have some control over to not just be good. I want it to be GREAT!

I have always been that way. In eighth grade I did a science project that won the top prize in the Illinois State competition. I figured out how to study what amino acids were destroyed when you made oats into Cheerios, rice into Rice Krispies and corn into Corn Flakes. I had my own lab in the basement. I also had chemicals that my mom feared would blow up the house (and some of them could have). I was obsessed with the idea. I got help from experts and I learned everything I could (see #1). When the judges quizzed me there was nothing I could not answer. Maybe this is a quality that just comes naturally to me, but it's definitely learnable and a quality every entrepreneur needs to develop.



Details make the difference between good and great. ACT! was a great product. Today, 27 years later, it's still a viable product being sold in the market. The thing that made it great were the details. I recently was asked "what was the essence of ACT!?" I answered, "Anticipation." ACT! had a way of anticipating exactly what you either wanted to do next or ought to do next. It was uncanny. People still rave to me about how ACT! changed their business lives. It was all because my co-founder, Mike Muhney and I totally obsessed over every single detail. We would argue about little things that probably didn't really matter, but out of that came a product that created a new category of software. It just worked the way it ought to.

Think about other products that you just go “Ahhh” over. The iPhone. A Tesla. A great piece of clothing. A great movie or piece of music. Something about it simply makes it great. I love to listen to the Beatles music. I am still in awe of how tight they were. Every note, word and harmony just right. It set them apart and no one has ever come close in terms of number one Rock and Roll hits.

There is a term that is popular in the software business today. MVP – Minimally Viable Product. It is important to get something in front of prospects and customers and get feedback early. But what is more important is to ship a “whole” product. MWWP – Minimally Viable Whole Product. It does not mean it has every feature that it will eventually have. Software is never done. But you have one chance to make a great first impression. Your product or service ought to be great in every way you can afford to make it.

I often find myself simply staring at a screen in Ryver and asking myself, “what could be better?” What could we take out to make it simpler? Is everything I can do from here obvious? How can we make something one click instead of two? How can Ryver accurately and automatically fill in

Steve Jobs had it right. “Insanely Great” is the goal.

a field? What would someone want to do from here? After here? And I have attracted people who work with me who do the same thing. We also have to have people who don't do this so we can actually get something done! We totally scrapped one version and started over after a year of work. Then we got right to the finish line when someone figured out how to make things about 50% simpler. So we took an extra few weeks to do it right the first time. We have done dozens of hard technical things to make Ryver wicked fast. Speed is a feature. Most web apps are painfully slow. Unacceptable. Details like speed totally matter!

Don't get me wrong, there are times when enough is enough. Finished is better than perfect, but you should obsess over every detail that you can afford to to make just right. Steve Jobs had it right. “Insanely Great” is the goal.

SUCCESS KEY #6:

Transparency

When it comes to running my businesses, honesty isn't just the best policy—it's the only policy. And if you want to succeed as an entrepreneur, what they see had better be what they get.

In the same way everyone says they only hire "A" Players, companies also love to talk a lot about transparency. The problem is, most fail to actually achieve it. Sadly, the only thing really transparent in most companies today is their utter lack of it. I've even heard people say things like, "For the most part, our company is pretty transparent," but "pretty transparent" is like being "a little pregnant." You either are or you're not. And regardless of what you say, your investors, employees and customers can sense when they're not being told everything. Simple rule of thumb, unless it's a birthday party or an engagement ring, most people don't like surprises.

At Jigsaw Health, my premium supplement company, we hold an open-book, company-wide monthly ops meeting. Everyone in the company is in attendance and we go over all the numbers – profit, loss, balance sheet, cash flow, analysis of key metrics – everything. Why? Because informed people can make informed decisions. Entrepreneurship requires being agile, the ability to move quickly, but you can't expect, much less require people to

effectively do their jobs without everyone knowing what's actually going on. Lack of transparency is like giving your people an incomplete roadmap and expecting them to successfully navigate unknown and treacherous terrain.

A good example of transparency comes from the later years at SalesLogix when we were trying to make a web product. It was a good idea, but frankly, very bad execution. Really bad. The kind of bad Charles Barkley calls "terrible." Around \$20 million worth of "terrible," to be exact. Luckily we were more than big enough at that point to deal with that costly of a mistake. And we could have easily whitewashed everything by simply not talking about it and moving on.

"Pretty transparent" is like being "a little pregnant." You either are or you're not.

TRANSPARENCY



But people would have wondered, whether they talked about it or not, because a lack of transparency, clarity or closure breeds a lack of confidence. So we owned it. We very publicly acknowledged the failure, and guess what? Everyone simply stopped talking about it and went back to work.

My meetings with my Board of Directors always start exactly the same. Two slides. Highlights and Lowlights. The good the bad and the ugly. I never hide anything. And then I tell them what I am doing about the bad, or begin a discussion about what we ought to do. Entrepreneurs ask me about dealing with investors, especially about dealing with venture capitalists. I say, "if you try to hide ugly from them they will want to fire you." They know there are always things that go wrong in startups. They expect it. All they really want to know is how you are going to fix the problems. They want you to acknowledge and own the problems.

Transparency translates to trust and respect, and in the end, happier employees. The opposite is also true. When

Transparency translates to trust and respect, and in the end, happier employees.

you hide things, paint a rosier picture than is accurate, or you set expectations that can't be realized, your people will become insecure and you will only be setting them up for disappointment and failure. In time, everything you say will become little more than pie-in-the-sky prattle, and a Pavlovian bell cuing people to your lack of leadership. You can only cry wolf so many times before people are no longer willing to follow you.

Justice Louis Brandeis once said that sunlight is the best disinfectant. He was right. When it comes to transparency and your business, it's always best to throw open the shutters and let the sunshine in.

SUCCESS KEY #7:

Put Your Feet Up

That is to say, be yourself.

A woman who has worked for me several times likes to tell a story that happened back in the SalesLogix days. A partner came in upset and making demands. She says that I leaned back, put my feet on my desk and let the partner vent. When they were done, I looked across the desk and said, "I'm sorry you're upset, but I'm not going to do any of the things you just asked me to do." The partner was apparently stunned, and then we had a good conversation about what we could do to make him happier. At the end of the meeting, everyone left satisfied.

I don't actually remember the incident, but it sounds like me. If you're in my office talking, odds are good my feet will be on my desk. I'm a feet on the desk kind of guy. And that's the point of my story. Be yourself.

Benjamin Franklin said, "There are three things extremely hard: steel, a diamond, and to know one's self." In Hamlet, Shakespeare wrote, "To thine own self be true, and it must follow, as the night the day, thou canst not then be false to any man."

I don't know if everyone could get away with responding to the partner the way I did, but I don't know any other way to be. I've made a career out of being direct, no-nonsense and to-the-point. That is to say, being me. As I understand it, the partner's demands were unreasonable and the things he was complaining about were not of our making. Still, I guess I could have just as easily acquiesced and appeased

him, but that wouldn't have been true to who I am. Why is that important? Because when you're an entrepreneur, people need to trust in who you are and what you'll do. It's about authenticity and consistency. Partners, employees, customers and investors need to see leadership they can trust and depend on. The partner didn't respond negatively to my response just because he trusted my judgment, but because he trusted me.

When I speak to entrepreneurs, I often talk about the importance of persistence, perseverance and tenacity—three things that have served me well. Why? Because at the end of the day, what all three share is a pit bull doggedness and refusal to give up, and that's never more important than when it comes to being yourself. Never cease to be you. There's a million "thems" out there, and they all work for someone else.

If you are truly prepared, have the courage of your convictions and be yourself. Never forget that you are your single most important asset. Trust your instincts, be yourself and own who you are. Always.

Never cease to be you. There's a million "others" out there, and they all work for someone else.

SUCCESS KEY #8:

Salespeople Wanted

Like I said earlier, I began my career carrying a quota and a bag. My experience as a salesman has proven invaluable at every stage of my career.

If you know you truly can't sell, partner up with someone who can. Being a successful entrepreneur means you are almost always selling something to someone. Whether it's selling an idea to potential investors, hiring a great employee, or your product or service to potential customers, if you can't sell, you are doomed. I can count the actual number of products that "sold themselves" on one hand. It's a myth. Even the greatest products were positioned and pitched by someone who could sell the idea. Your product or service is no different.

Can selling be taught or is it just an innate trait? Some are "born salespeople," and you may be a better salesperson than you think. Maybe you can be a better salesperson than you think. Just because you have never officially been in sales does not mean you can't sell. If you are married, you sold your spouse! You have friends, you sold them on wanting to be your friend. You have a job, you sold (and continue to sell) your talents. The code name for ACT! before we arrived at the name was YES!. It stood for "Yes

Everyone Sells." Everyone really does sell. Mostly they sell themselves.

One of the hardest things we had to overcome with ACT! was getting distributors and big retailers to carry and sell our product. It was a classic chicken and egg. They didn't want to carry the product unless it sold a lot. But we couldn't sell a lot unless they carried it. So when we got an opportunity to prove ACT! could sell at retail we jumped all over it. A good entrepreneur friend of mine always says, "you have to egg the chicken!"

I had befriended a guy who managed to get Egghead, the leading retailer for computer software in the late 80's and 90's, to let him put a Kiosk in every store that would feature 5 new products every month. When he called me to ask if I wanted to be included I jumped at the chance even though we couldn't really afford the cost of the program at the time. New companies would typically put the product in the Kiosk and "hope" the product would sell. Not us.



We had about 10 people in the company at the time. There were about 120 Egghead stores spread out over the country. We taught every person in the company how to sell and demo ACT! and then mapped out all the stores nationwide and bought plane tickets. All 10 of us, including our programmers, went on the road and visited every Egghead store not once, but twice in that month. We talked with and demoed almost every salesperson and manager in each store.

Egghead sold about 400 copies of ACT! and was stunned because it was one of the top sellers of all the software they sold. They immediately stocked the product and also demanded that their two main distributors carry the product as well. It was our big break. Our programmers especially LOVED being out talking about the product they had built. They knew the key points to make and also followed a very tight demo script we had taught them.

...lots of people can sell, even ones you might not expect.

The other thing we accomplished with our “blitz” of the Egghead stores is that it made us LOOK like a big successful company. I call it “optics.” We put the very best optics on the opportunity as we possibly could.

So there are two messages here. One, lots of people can sell, even ones you might not expect. Second, when you get an opportunity to sell your product, put everything in it you possibly can. Leave as little to chance as possible. We'll never know if ACT! would have sold enough to get Egghead's attention but I suspect it probably wouldn't have.

SUCCESS KEY #9:

Never Say Die, Unless It's Obviously Dying

I believe you can't succeed without persistence, perseverance, tenacity and a never-say-die attitude. They're the personality traits you'll need to get you through the difficult times. Persistence is a lot like pestering. My mom used to call me obnoxious because I would pester her for things I wanted. Perseverance is the ability to keep going when things are severe. Tenacity is needed when you face rejection. A person you hoped would invest says no but 90 days later you go back to them anyway because you have made a lot of progress and you just know they ought to reconsider.

That said, the fact is there will be times that, despite your best intentions, great positioning and a apparent good product, success is just not going to be in the cards. There could be a million factors and reasons why, many not your fault, but in the end it's important to be able to know when to say "when." At the very least, you may need to find a different "what." One of the best examples of finding another "what" comes from my days at 3M.

I went to work for 3M in 1980, the same year they introduced the Post-it® Note. The Post-it's 12-year journey from failed-attempt-at-developing-a-super-strong-adhesive, to becoming the omnipresent yellow sticky note is well documented. In trying to create one thing, a super-adhesive, 3M scientists had actually succeeded in creating

the opposite – an adhesive that didn't stick well at all. The rest is, as they say, history.

Sometimes it's just not meant to be, or at the very least, not meant to be the way you planned. At this point you have two choices. It's either the Charles Darwin School of Entrepreneurs where you adapt to survive, or you simply cut your losses and live to fight another day.

Knowing when to say, "when" is
not the same as crying, "uncle."
Sometimes it's just time to move on.



John Lennon wrote, "Life is what happens to you while you're busy making other plans," and it's no different when it comes to entrepreneurial endeavors. There's nothing heroic about losing a home, a marriage or your life savings over something that has no chance of success, no matter how noble the idea. Knowing when to say, "when" is not the same as crying, "uncle." Sometimes it's just time to move on. But I have seen situations where you just haven't had enough time to allow the product to catch on. Sometimes you just have to keep on trying. If there is evidence you really do have something people want, often tenacity will pay off.

About 2 years after our launch of ACT! people started saying to us, "you guys were an overnight success!" "You came out of nowhere." I said to myself, "where were you 2 years ago when we were pushing this boulder up the hill?" We weren't an overnight success. But "time" often is

the most powerful marketing tactic there is. Just plugging away at something day after day with some limited success is often the key difference between success and failure. Many products or services reach a place in time where they begin to take off. You arrive at an inflection point when the critical mass you need arrives.

It's often hard to tell when something should live or die. I think that is one of the benefits of having a good outside Board of Directors or even a Board of Advisors who can objectively evaluate a company. A few times I have been a part of a decision end a company's life. Emotionally it's a hard call but objectively it usually is pretty obvious to outsiders who aren't as emotionally attached.

At the end of the day your instinct is probably right whether you should stop or keep going.

SUCCESS KEY #10:

"Be The Ball, Danny."

What does the number one ranked player on the PGA tour have in common with the 220th ranked player? They both hit the tee box Thursday believing they're going to be putting for the championship on Sunday afternoon.

At that level of competition, regardless of conditioning, skill and natural talent, everyone has the ability to win any given tournament. That's why the last round on Sunday is all about the mental game. It's the same for tennis, chess or starting your own business – you've always got to have your head in the game if you expect to have any chance at coming out on top. What does that mean, "have your head in the game?" For me it's a combination of confidence, drive and a dual focus that keeps one eye on your goal and the other on your competition. This is never truer than in professional poker.

A morality play performed on a felt-lined stage, poker is the ultimate in mental gamesmanship. Think about all that goes on in the playing of a single hand. Every player has to size up their own hand, calculate the odds and possibilities of ending up with the winning hand, then doing the same for every other player at the table. It's not enough to have the intelligence, experience and talent to figure out what cards the other players are holding based solely on their betting, behavior and the cards on the table. You then have to get them to bet and behave the way you want, while not revealing any hint of your hand or strategy.

And you'll do the same thing again and again with each new hand.

Whether it's math, strategy or mind games, poker at the highest level is a master class in mental gamesmanship.

"Listen, here's the thing. If you can't spot the sucker in your first half hour at the table, then you are the sucker."

- MATT DAMON IN *ROUNDERS*

That's why few things are more frustrating to a pro than playing with an inexperienced amateur. Why? Because amateurs are unpredictable, specifically because they are inexperienced and don't know the right thing to do. Luckily, just like in business, you can spot the amateurs a mile away.

The bottom line is, it's simply not enough to know what you're doing. You also have to know what the competition is doing, anticipate what they're about to do and then turn it in your favor. You need to know all your pathways to success and still have the mental toughness to come back when things don't go the way you planned. The mental game is as much about mental toughness as it is intelligence, focus and ability.

Entrepreneurship can be as brutal as it can be exhilarating, as scary as it is fun, and it is definitely not for the weak of heart – which is exactly why we do it. But if you want to keep doing it, and keep doing it successfully, you absolutely have to keep your head in the game.

The 90-Day Rule

Simply put, the 90-Day Rule states that the biggest mistakes you'll make will likely happen in the first 90 days. That's why it's so important to know as much as you can about the market, the opportunity, potential partners and investors. It's why it is so crucial to nail your position as early as possible. Mastery of the 10 Keys is the best way I know to avoid making too many mistakes. Now, not all your mistakes will happen in the first 90 days, but some of your biggest ones will. The goal is to avoid as many of the big ones as you can. Do that, and you'll find the little things are easily navigable.

Your experience may be different, but for me, "big mistakes" almost always involved co-founders, acquisitions of intellectual property or both. We'd acquire technology we thought would accelerate our course to market, only to end up scrapping it and starting over from scratch, in a lawsuit with a co-founder or both. Here is a partial list of the kinds of things you can do wrong in the first 90 days:

- 1 Co-founders
- 2 Technology
- 3 Stock Structure Setup
- 4 Stock Grants to Founders
- 5 Office Space

Mentors and trusted advisors are key in the early days, because you simply don't know what you don't know. Lean on the experience of others as much as you can early on. Do your due diligence and structure contracts and deals in a way that allows you to easily get out of them as inexpensively as possible.

Master the 10 Keys and you'll find the first 90 days, and all that follow after, will go much smoother.

Afterthoughts

Having said all that, I'd like to leave you with just a few more bits of advice that have served me well. First, sometimes you just have to let go and let the universe do what it will. The fact is you can't control everything and you'll make yourself crazy and miserable if you try. At the very least you'll make everyone else around you crazy and miserable.

For me, "letting go" means I let go and let God. You may worship a different God than me, or no God at all, but at some point everyone has to acknowledge that we can't control everything. Proverbs 3:5 says, "Trust in the Lord with all your heart and lean not on your own understanding." Whether it's me humbling myself, or the world humbling myself, I've done this enough times to know that there's a lot I don't know.

Some people seem to think a startup comes together in a pretty orderly fashion. You get an idea. You work on it. You attract others to work on it. You launch. You get investors. You grow and then either get bought or go public. But it's never like that. Many things that contributed to my success happened to me very randomly. I learned to pay attention to random things that often at first seemed trivial and unimportant. An idea, a person with an unusual talent, someone who knew someone they thought I should meet, criticisms, suggestions are all things I pay attention to no matter who or where they come from. It seems "life" has a way of bringing what we need to us and often it arrives in strange packages. I live with an attitude of "expectancy". I am always expecting seemingly random things to be answers to problems I have, or people I ought to get to know. Some authors would describe that as "intention." The universe seems to respond to one's intention and expectation. Call it what you will, it is very real.

Now I'm not trying to convert or convince anyone of anything, all I can tell you is when I hit the wall, I try to relax and just trust. Most often things just seem to then work out often in some amazing ways. I once heard Ego defined as, Edging God Out. I like that, but whatever your beliefs, there are times your ego gets in the way and you

can become your own worst enemy. When that happens, I turn to prayer, surrender and trust. If prayer's not your thing, my advice is to breath and let it go. I think you'll find it brings you more peace, and more times than not, a happier outcome.

Sometimes you just cannot force the outcome you want. Sometimes you have to wait for the right path to be made obvious. I have seen some amazing things simply "happen" when I stopped pounding on a door to open. Sometimes I learned it wasn't even the right door!

The last bit of advice I'll leave you with is to pass it on. Call it karma, call it paying it forward, call it whatever you like, but share your success and good fortune with everyone you can. Share your money, share your talent and share your time. I love meeting entrepreneurs and will speak to almost any entrepreneur who seeks my advice. Expect a no-nonsense, frank response, but expect a response.

I've been more than blessed in my life. So have you. Pay it forward, pay it backward, pay it sideways, but pay it. Do and you'll find the biggest beneficiary of your generosity will be you.

I love being an entrepreneur and the life it's given me. I hope what I've written here will help you achieve your entrepreneurial dreams the same way they helped me achieve mine. Now all that's left is for you to go out there and do it. I think the Zac Brown Band said it best in their song, "Let it Go."

"But you only get once chance at life
to leave your mark upon it

And when a pony he comes riding by,
you better set your sweet ass on it."

Now go find your pony, and enjoy the ride.



About The Author

Pat Sullivan is a two-time Ernst & Young Entrepreneur of the Year, Co-Creator of ACT! and Founder of SalesLogix. Named one of “The 80 Most Influential People in Sales and Marketing History” by Sales and Marketing Management Magazine. He is the current Co-Founder of Ryver, The Best Team Communication Software.

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