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New year's resolutions for entrepreneurs

10 tips for increasing success in '09

by Scott Lenet and Oleg Kaganovich – DFJ Frontier

Happy New Year! We love this time of year because new year's resolutions provide entrepreneurs with a great way to bring focus, discipline and energy to their efforts.

Here are DFJ Frontier's top 10 resolutions for entrepreneurs:

Get paid

Especially in 2009, focus on market validation. Interviewing potential customers to discover whether they have true appetite for your product or service is one of the most basic techniques for finding out whether you are “on to something” worth your time (or an investor's money). Establishing a paid beta trial or pilot program provides even better evidence of the market's interest. Getting paid signals real demand for your product, and paying customers are more likely to give meaningful feedback.

Get lean

The beginning of the year is a great time for every company that isn't profitable to assess reductions in non-essential expenses. Making choices now to cut costs — including reducing headcount, cutting salaries and delaying non-core activities — can increase the chances of your company still being in business to take advantage of the economy's upturn when it occurs.

Get teamed

In our last Something Ventured column, we discussed the critical importance of a startup's team. Before your company is funded and able to pay salaries, the team members you have identified might not be able to leave their existing jobs, but you can still recruit your team. The next best thing to hiring the right people is to obtain their commitments to join once funding is secured and to make them available to speak with potential investors. These individuals can expect a professional venture capitalist to be discreet, ensuring their current positions are not jeopardized.

Get papered

Just as in resolution No. 3, prior to receiving the initial funding that will enable you to recruit your team or complete product development, you can begin establishing key commercial relationships. Potential relationships with distributors, suppliers and strategic partners can be documented in a letter of intent (LOI) or a memorandum of understanding (MOU) prior to entering into a definitive agreement. Typical LOIs are non-binding, but list the deal's important terms, including pricing, timing, quantities and who is responsible for what.

Get another offer

Examine every area of your business and ask if you can do better. Can your suppliers charge less or provide faster turnaround? Can your partners increase their commitments? Can your customers buy sooner, more or commit to longer contracts? The answer might not always be yes, but the new year is a great time to revisit old relationships.

Get impatient

The ability to drive to results is critical to entrepreneurial success, so orient your firm toward the creation of tangible work

product. You should create a plan that requires the regular completion of objective deliverables by specified dates. Avoid being satisfied with intangible or vague results, such as written business plans and research. Tangible deliverables move your business forward. These include many items on this list: advisory board commitments, agreements with customers and partners, reduced expenses, product prototypes, and even drafts of marketing copy. Strive for tangible results every two weeks.

Get dressed

Startups do well by appearing bigger, better established and more successful than they are. Make a commitment to bring a strong dose of professionalism to everything your startup does. The result will instill confidence in your customers, partners and investors. Start by ensuring that your Web site, slide decks, sales collateral and correspondence are well written and attractively presented.

Get outside yourself

Outside advisory boards can help startups benefit from the experience of successful executives, without giving up seats on the company's board of directors. When inviting prospective advisory board members, remember to focus on the benefits to the prospect. These might include compensation in the form of stock options and minimal liability compared with being a full director. Aim high when selecting advisers — don't just pick folks you know, try for the two or three people who would be the best in the world for your company.

Give before you get

Resolve to increase the value of your network by being alert for opportunities to assist the people within it. "Paying it forward"

by referring prospective customers or making useful introductions for others increases the likelihood that sometime in the future, your network will return the favor. In our region, the Sacramento Area Regional Technology Alliance, Golden Capital Network and TechCoire all host networking events, providing opportunity to increase the size and value of your network.

Get religion

The last resolution is easy for true entrepreneurs. Be positive. Believe in yourself and your idea. Cultivate your passion. Persist, even through difficulty. Good things are around the corner. In the next column, we'll discuss how venture capitalists evaluate technical leadership. Hopefully, the holiday season provided even the most active entrepreneurs with some time to relax and recharge. Now, get back to work!

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