



Are you ready to start a company?
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You may be familiar with the oft-quoted statistic that 90 percent of startups fail. However, that may not actually be true. Cambridge Associates tracked 27,000+ VC-backed startups and found that the failure rate has not risen above 60 percent since 2001. (Failure was defined as companies that provide a 1x or lower return to investors). So, put that far less onerous statistic into your head: 60 percent of companies fail, not 90 percent. Which means your actual odds of success are ~4x higher than conventional wisdom would have you believe.

Despite that more appealing statistic, most startup stories do not have the glamor of the well-known success stories like Facebook and Mark Zuckerberg. I want to share some blunt truths from the trenches. What follows are some very real and probing questions you should ask yourself before you jump into launching a company. These questions should make you think about the effect this decision will have on your personal life and your finances; about your true (not your desired) personality and work type; and your ability to roll with the very real punches that the startup life will throw at you on a minute-to-minute basis. Sanity check yourself on the honesty of your answers to these questions. If you can't honestly answer yes to most of these questions, there may be other paths you are better suited for.

Are you prepared for the financial sacrifice?

Do you have the personal savings to finance your company for an undetermined time until you can raise outside funding or build it to a comfortable profit level? Whatever you think that timeline to funding or profitability will be...double it.

Can you absorb the opportunity cost of going without an income for that same time period (and most likely, beyond it)? Most early investment rounds will not include a salary for the Founder/CEO. Can you handle the double-whammy of putting your life savings into the company and foregoing a salary? This is a key reality to be prepared for.

There is a third hidden cost here: your friends and peer group will not be making this same sacrifice. They will keep doing whatever it is they do, and what you've been accustomed to doing with them; going to dinners, out to bars, or weekends away. It will get harder and harder to do this with them and that will become progressively more difficult to experience and to sacrifice.

Are you prepared for the emotional toll?

You will experience the highest highs and the lowest lows in the same day. There are days you will experience them in the same hour. Sometimes, you'll experience them in a single meeting. This is more akin to emotional whiplash than to an emotional rollercoaster. You have to learn to keep your head up and keep your cool. This will take a toll on you and it will take a secondary toll on the people in your life.

You will be tired from this, and it will burn you out. Make sure there are things in your life that will counterbalance the burnout. Do you have mentors, family, or friends who are willing to lift your spirits when you need it? Do you have hobbies and activities that recharge and reenergize you? Remember, you won't have a lot of spare time. Are these things that you can access in short bursts that will still feed your soul?

Are you prepared to work painfully long hours, weekends & holidays (basically, always)?

You will not have a 'normal' work schedule until you exit the company. You frequently won't even be aware of how many hours you are putting in because you will be (should be) doing something you love that will in fact, energize you. But be aware that it will eat into the time you would otherwise be doing non-work things.

I frequently schedule meetings on statutory holidays because I truly don't distinguish between holidays and a 'regular' working day. It isn't until recipients decline meeting requests with bemused responses that I become aware that the rest of the world isn't working on that day. Retirees say they don't know what day it is because every day feels like a weekend. The startup world is the inverse: every day feels like a workday. At times, I'd rather have the 'retiree's dilemma'!

Are you prepared for the loneliness?

This will be one of the most intensely lonely and private experiences of your life. You will also simultaneously be awash with advice from and interactions with a lot of people. You'll have to decide how to balance the two. The key takeaway from this is that you'll have to keep a lot of things to yourself while presenting a consistently positive face to the world. It's a long and frequently stressful road, yet you can't let it show.

Make sure you have a support network discrete from your company. You'll need them to listen to you and hold you up. Your neck will get tired as you hold your head up high no matter how much weight is on your shoulders. Make sure this support network is comprised of people you trust. Ideally, these will be people who understand enough about what you are doing to be empathetic, but distant enough not to be involved in the minutiae. You will want and need that distance.

Do you need immediate gratification?

Are you able to stay focused while working extremely hard for a long time on something where the fruits of your labor may not be readily apparent (or recognized) for months, or even years? You will need to develop and hone the skill of identifying and celebrating small victories and progress. If identifying these is difficult for you, it may prove to be frustrating. Think of it like training for the Olympics. Are you prepared for all the discipline, competitions, injuries, sacrifices and emotional setbacks it takes to reach that medal podium years in the future?

Are you persuasive?

Can you convince others to see what you see? You will need to bring a wide variety of other people along on this journey with you. In some ways, you'll have to project the charisma of a cult leader and persuade your team and your early adopters to drink the Kool-Aid. Your vision of the product, the value proposition and the market value have to be incredibly compelling. You have to persuade people to pitch in (hopefully for free), for equity, or for far below market rates.

At one point, we had nearly 20 people working with or advising the company with a combined ~375 years of experience. If all of those people were compensated, we would have been looking at well over \$6M a year. Instead, we were able to keep our burn rate significantly lower for a long time. Combined with equity grants, I managed to be passionate, persuasive and compelling enough to bring a lot of those extremely experienced and valuable advisors along on the journey without it costing the company market rates.

Are you articulate?

This is partly a follow-on to the persuasiveness question above. Can you explain what you are doing and why? You don't have to be your own marketing guru. In fact, you need to clearly recognize where your strengths and weaknesses lie. You may not be the best person to finalize your messaging and create your marketing collateral. But something is propelling you to take this crazy leap from ideation to commercialization. Can you passionately articulate it? If you can't, it will be a harder struggle.

Can you handle conflict?

Are you comfortable being assertive and handling the inevitable and frequent situations that will require you to navigate conflict? From Day 1, you will have to be unapologetic about your value and credibility –

even when it hasn't yet been proven in the marketplace or with customers. This gets easier with time but if this is something you instinctively flinch from, think hard about whether this is the right path for you. You will have to fire people, negotiate, defend your pricing, your valuation, and your decisions. You can learn to take the combat out of conflict but if you can't take the anxiety out of it, this may always be a weak spot for you.

In my company's first quarter of operation, 2 vendors went to war with each other. I was not experienced at handling conflict at the time and dreaded having to mediate. I had to psych myself up for those calls in a major way and my discomfort was transparent. Now I can handle those types calls while at the grocery store, with zero preparation. It has become par for the course as I've learned to comfortably remove the emotion from the conflict.

Can you admit when you need advice & mentorship?

The underlying question here is: do you know your strengths and weaknesses, and are you willing to articulate them to your advisors and mentors?

Being extremely honest with yourself about what you are good at and where your skills are lacking will accelerate your path to success. You are also less likely to waste your time trying to do things that you should not spend your time attempting to accomplish.

Additionally, bringing in mentors and advisors can help you expand the size of your team without increasing your costs. People are remarkably willing to lend their expertise, and that frequently includes their operational time and energy. It is more than worth a frank assessment about where your gaps are.

I am not a finance-oriented CEO, so the company brought in a skilled financial controller. The cost was far outweighed by his competency and calmness in doing tasks that had been taking up my time, and more importantly, my brain space. My productivity skyrocketed, and I know now that I should have done that sooner.

Can you accept accountability?

You will have both the privilege of sharing successes with the team you build, and the burden of taking personal responsibility for the actions of that team. A CEO who mentored me calls this 'falling on your sword.' It falls to you as the founder of the company to take the accountability for failure even if it is not directly 'yours'. It takes practice to do this with authenticity and believability, but it is absolutely critical.

How tenacious are you?

Can you stick it out even when the wheels seem to be falling off? Or when a naysayer tells you that what you're doing is crazy? And more importantly, can you be tenacious yet remain calm and professional? This takes practice.

Can you find the lessons when things don't go as planned?

Can you pivot and adapt? Because inevitably, things will not go to plan. If you are a person who thrives on order, stability and control, this may not be the path for you. If you are a person who can create order and stability out of the inevitable chaos, keep reading. It's remarkable how many times your plan, roadmap, or strategy points to 'x' outcome and you get off the rollercoaster to find an entirely different landscape. It is not necessarily a bad thing. If you can immediately reassess and determine what to do next without breaking your stride, you can confidently answer yes to this question.

Can you see multiple paths to achieve a goal?

As the founder you will have vision – and most likely, a large personality to deliver on the vision – but many roads lead to Rome. Get your team to Rome with a dose of consensus and logic. The first path may not be the ultimate one. Don't be afraid to get off of it. Don't let ego, cost, fear, or other factors prevent you from exploring or accepting that there are many possible ways to get there.

Can you handle failure and setbacks (without feeling defeated)?

It's important to understand the distinction between defeat and failure. Defeat is the feeling of being demoralized and overcome by adversity after being beaten by something. Failure is simply a lack of immediate success. It is not fatal. It requires refocus and alterations to the strategy to achieve success. If you can quickly refocus and make those adjustments when something has not worked, you understand the distinction. If every failure leaves you feeling defeated and battered, it may be too emotional for you to deal with the constant whiplash and adjustments required to navigate the strategic calibrations you will constantly have to make.

You will also need to be able to differentiate between external and internal factors that contribute to how you handle failure and setbacks. Some external factors are out of your control, like customer sales cycles, management changes, or key team members falling off trucks and breaking bones right at critical customer delivery times. (That last one actually happened to my company!) There are also internal factors, like decisions you've made or intuitions you've trusted, that in hindsight were not optimal. These will have repercussions and you have to keep your head up and refuse to feel defeated. Think of the earlier question – can you find the lesson when things don't go as planned, can you pivot and adapt? If you can, you won't feel defeated.

Are you a good listener?

If your answer to this is no – even if the answer to every other question has led you to think that starting a company is the right decision for you – I might advise you to rethink this path. The ability to listen may be the single most important element to success in many ways. You will have to listen to, among a myriad of others: your customers, your team, your mentors, your investors (and the people who choose not to invest), your partners, your vendors, your competition, your family and friends, and your support network. By the end of the day you'll crave silence.

You are not an island. So many of the other questions in this assessment are really hinged on this core competency of being a good listener. Your ability to accept advice and mentorship, collaborate with your team and find multiple paths to a goal, accept support, surface lessons out of failure, pivot and adapt, and fall on your sword only to live another day – these are all skills best executed when you listen keenly. Being an effective and empathetic leader is only possible when you listen deeply to your team, especially when you will likely be asking people to make big sacrifices of their time and take a risk on you.

It is not a dichotomy to be persuasive and tenacious and your company's strongest evangelist while simultaneously being a remarkable listener. In fact, you'll be the most effective at those if you listen carefully. Otherwise you could miss big cues as to what your stakeholders really want and need.

So...Are You Ready to Start a Company?

These questions aren't 'scored', with a score over a certain number indicating that you should (or shouldn't) decide to start a company. They are designed to make you reflect, with brutal honesty, on whether this path is right for you. These questions are inextricably linked with each other. You need to be articulate in order to be persuasive about why you are embarking on this journey; and you need a strong support system to handle the wild ride.

It is a hard path, but it is rewarding and exhilarating. You will be the architect of your experience, and if that speaks to your personality and to an idea that has been brewing inside of you for a while, give it serious thought. Talk to people who are currently running or who have previously started companies – people with successful exits and people without. Get the real unvarnished truth about how exciting it is to see your name on patent awards, to speak at conferences, to sit at the head of a conference table and to see heads nod while you passionately explain your value proposition. Also, get the real unvarnished truth about the days that aren't so exciting. And then make a decision about whether the idea and the excitement that's burning inside of you is burning so hot that you simply must do this. And if you do decide to take the leap – good luck. And, enjoy.