

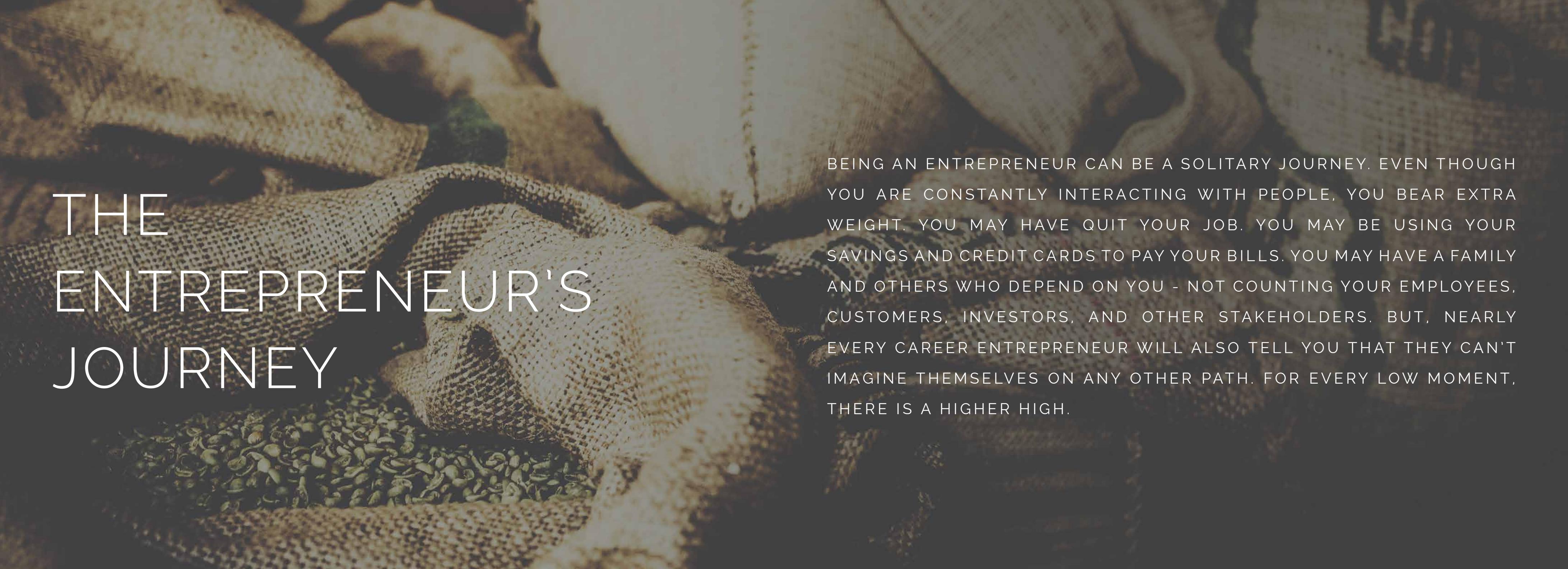
STEVE
GUENGERICH
PRESENTS

NATURALLY CAFFEINATED

THE COMMUNITY EDITION

DIRECTOR'S CUT





THE ENTREPRENEUR'S JOURNEY

BEING AN ENTREPRENEUR CAN BE A SOLITARY JOURNEY. EVEN THOUGH YOU ARE CONSTANTLY INTERACTING WITH PEOPLE, YOU BEAR EXTRA WEIGHT. YOU MAY HAVE QUIT YOUR JOB. YOU MAY BE USING YOUR SAVINGS AND CREDIT CARDS TO PAY YOUR BILLS. YOU MAY HAVE A FAMILY AND OTHERS WHO DEPEND ON YOU - NOT COUNTING YOUR EMPLOYEES, CUSTOMERS, INVESTORS, AND OTHER STAKEHOLDERS. BUT, NEARLY EVERY CAREER ENTREPRENEUR WILL ALSO TELL YOU THAT THEY CAN'T IMAGINE THEMSELVES ON ANY OTHER PATH. FOR EVERY LOW MOMENT, THERE IS A HIGHER HIGH.



FROM

JIMMY TREYBIG

Tandem Computers, founded by Jimmy Treybig in 1974, is one of the significant early home runs that launched Silicon Valley into the powerhouse entrepreneurial community that it is today. Jimmy and his team set records in terms of growing revenue on plan from \$0 to \$100 million in just five years and was recognized as the "Fastest Growing US Company" by INC magazine in June, 1981. Tandem went Public in the third year of its existence, a feat that even now, few companies achieve. During Jimmy's tenure, Tandem was repeatedly named one of the best places to work and regularly ranked #1 in customer satisfaction surveys. By his retirement in 1996, Tandem was a \$2.3 billion company with over 8,000 employees. Jimmy has received the Entrepreneur of the Year award from both Stanford and Harvard and was featured in the 2011 documentary 'Something Ventured'. Today, Tandem is part of HP.

THE ARC OF GREATNESS

You already know that a new company's success depends on many factors - strategy, execution, money, timing, to name just a few. In my opinion, more critical than any of these is the quality of the team, and whether individually and as a group they embody the attributes of passion, commitment and faith. By "passion," I mean the vision and belief that the company is doing something worthwhile. At Tandem, we were building computers that didn't fail. "Commitment" is the ability to embrace an aggressive but doable plan, and know in your gut that you and your teammates will deliver it, no matter how the odds are stacked against you. Truly committed people simply don't quit. "Faith" is the rock solid belief that even when things look hopeless, there is still possibility. It's also accepting that while you could fail, you are going forward anyway.

In combination, these factors determine the arc of a company's greatness. At pivotal moments, the team will be tested and there is a very thin line between spectacular and mediocre success. The teams that meet each new challenge with full passion, commitment and faith develop the confidence and ability to outperform their peers. The following is meant to illustrate this concept by looking at key moments in Tandem's early history.

Raising Capital: A Test of Passion and Faith

As with almost every start-up, one of Tandem's most important early tests was around raising capital. I was turned down by more than 15 VCs in a row, before finally closing one. Rather than get discouraged, I used every "no" to learn how to make the company more investable. While I adapted to the feedback, I kept

faith that we had a winning concept and game plan and would eventually find the capital. I knew that if I couldn't raise the money, the company would fail. I had to accept this possibility, and keep going anyway.

You can't know what's possible until every last ounce of energy and opportunity is finally exhausted. I am a marathoner, and the very first time I hit the fabled "runner's wall" I understood this concept completely. You just don't know what it's like until you get there; you reach a place where you THINK your body and your mind have hit their absolute limit, but there are still 8 miles to go. At that point, you either quit or you dig deep and just focus on the very next step, until you cross the finish line. You learn to keep going even when you think you can't. My friends would call me and ask, "But Jimmy, what if you fail?" and I would respond, "Then I will be smarter, and succeed next time." I never doubted this statement. I faced this particular thin line and stepped across it.

Launching Alpha Product: Testing Team Commitment

Once we had our first round of capital, the next challenge was to deliver the product that we had promised. We focused on deeply understanding our market and letting that drive our technology strategy, an unusual approach then and even now. We had learned from HP's early niche efforts that there was market demand for a general-purpose fault tolerant system to run applications such as ATM networks, cellular networks and credit card processing. We set out to be the first company to build that general-purpose system. We knew from the start that timing was critical – the first new company to launch successfully would capture nearly all of the opportunity; the other 25 or so players would be swamped as large companies moved in to the market.

Timing was critical for another reason: We hadn't raised enough capital to fund our efforts for 15 months. We had a team of 11, but truly needed to find two brilliant CPU designers. After months of not finding the right person, we were in danger of not meeting our promised schedule. If we missed the schedule, we would very likely run out of cash.

Once again, we looked at our options, and picked what looked like a long-shot. One of our young engineers stepped forward and said he could design the hardware, if he could have a quiet place to work. He really believed he could do it, and we took a calculated risk. I gave him my office and he went to work. The rest of us rallied around that single engineer, giving him every ounce of energy and support, holding faith that he would succeed. He went on to create a breakthrough design resulting in significant patents, and the alpha product that would put Tandem on the map. After just 15 months of development, and right on schedule, our alpha product went into production, just as we reached the end of our cash.

That achievement was critical to our ability to get more money at a strong valuation. It would have been so easy to ask for more time, but we were determined to hit the schedule. We knew the cost of missing it would be enormous – we could break our commitment to ourselves and to the many people and establish "missing targets" as our pattern. We would undermine our momentum and sabotage our bid for greatness. While our plan was aggressive, it was also well thought out, and whatever the odds, the team had faith that we could deliver on time. Hitting this goal was a pivotal moment; it established Tandem as a company that keeps its commitments no matter what. In the process we made it much easier to get the next round of funding, and avoided a down round.

Staying True to Your Faith:

Now that we had a product, the challenge shifted to sales. Our Q2 commitment was to secure around 5 orders at \$100,000 each. We were raising money again, and needed the orders to bolster our credibility. By early June, we had 0 orders, and it looked hopeless.

Around this time, one of Tandem's Directors (and a much revered Venture Capitalist), took me to lunch, and told me his story. He was in Malaysia when the Japanese invaded in WWII and had survived for six years, the only white guerilla to do so. He told me his story in detail, and I attempted to tell him mine. How as a scrappy Stanford grad, I had played low ball (where you play the worst hand) in a local casino to support my family. With very little cash, a young wife and a one-month old baby, winning was the only option. He stopped me, as there was no need to finish the story. We could both relate to the feeling of being all in, without a safety net, where unwavering faith and commitment collide with a vivid awareness of precarious circumstance. Some people crumble here. Others find their mettle.

He then said, "Look, you need to face it. You can't make your June plan. I want you to write down the list of prospects and let me know as they close." I gave him a list on the spot. By the time I returned to the office, one order had closed and the second closed the next day. By the end of June, we had all five. After that, he had no need of lists; he had faith in me.

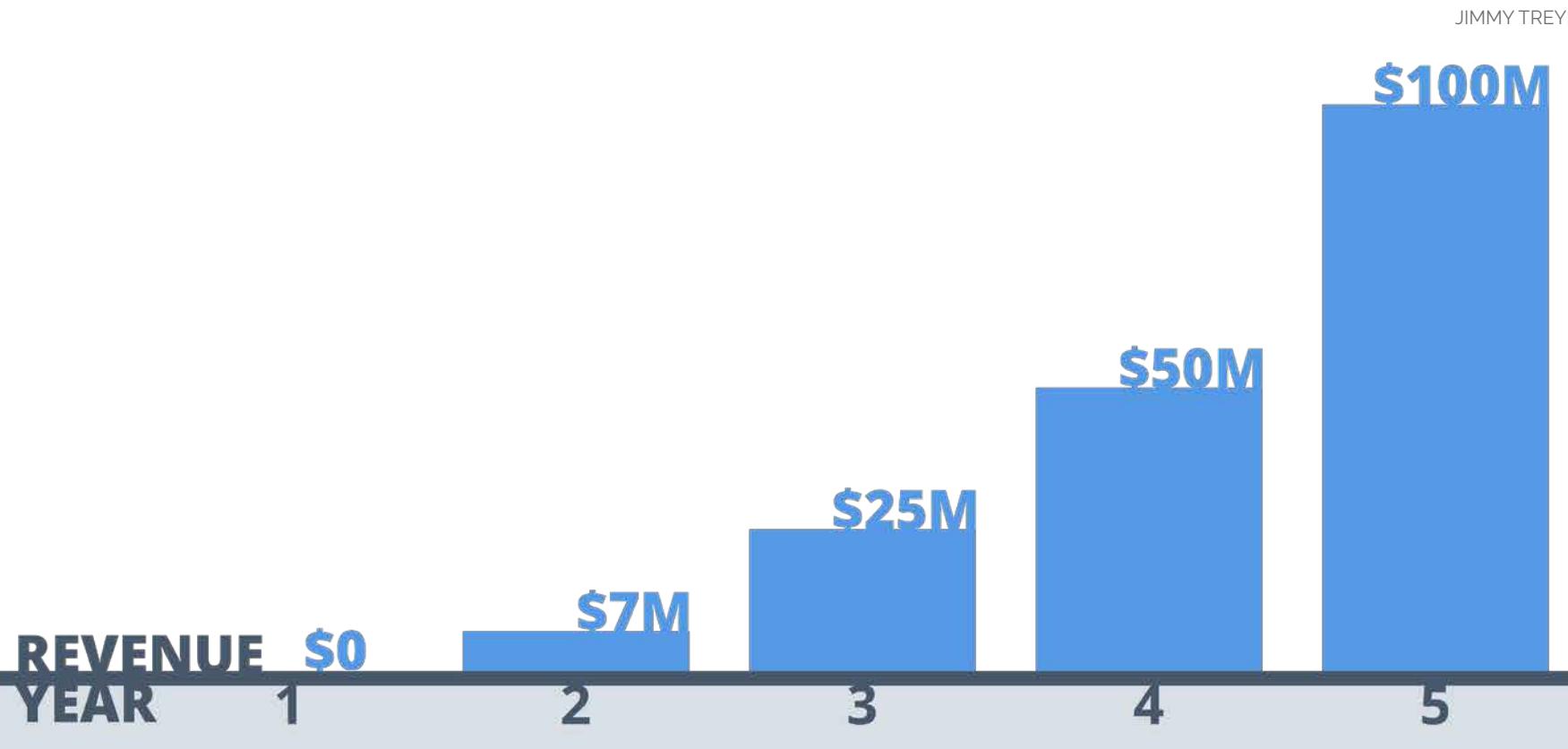
Meeting this early sales goal reinforced our culture of keeping commitments. No one gave up just because we were running out of time. This is incredibly important – so many teams give up their chance at greatness just when it is

within their grasp. Every time we met our commitments, we accelerated our momentum. I freely acknowledge that we sometimes had luck on our side – you NEED luck, and every successful company has it to some degree. People oftentimes confuse a lucky break with excellent execution. The thing is, you need both; don't overlook your lucky breaks, and be grateful for them.

Turning Adversity to Advantage: Staying Steadfast

In December of that same year, we once again had 0 orders in hand, and were staring at a massive revenue shortfall for the quarter. While Mackie (our VP of Sales Technical Sales and ex-Navy) and I reviewed our options, we got a call to meet a prospect in Alabama on the next day. We immediately booked our flights and hotel rooms. The initial meeting went very well, and the prospect asked to see our product in action. We immediately flew to Dallas to visit one of our customers; the customer raved about our service and our product. The prospect then invited us to fly immediately to Oklahoma for a board meeting, where the project was approved on the spot. We had booked three sets of unused hotel rooms in a single day, but we had the order that turned a bad quarter into a record one. This order combined with numerous other group efforts took the company to profitability ahead of plan. We went on to enjoy spectacular growth, and met our original business plan every single year; in our third year, we completed our IPO on NASDAQ. Mackie simply didn't know how to miss a plan.

The key is that we didn't quit. We stayed steadfast to our commitments, and we had faith that we had the skill, perseverance and luck to achieve our goals. Our team had already experienced this a number of times and by now; winning was part of our company DNA.

**Finding the Arc of Greatness**

Every entrepreneurial team needs to find within themselves a trifecta of faith, commitment and passion. You can never know how the future will play out, and sometimes the gap between your current situation and your aspiration looks impossible. That's when realism nips at the heels of faith. You'll be tested over and over again, and it's your ability to step across the thin line that separates mediocre from spectacular success that will make the difference. You have to be willing to step over that line repeatedly, accepting that you might fail, and knowing that it's just part of the deal. Your ability to cope with this line will determine the arc of your greatness.

How do you know when impossible is simply the possible in disguise? The truth is there is no way to know in advance. You "die" trying. You learn something crucial, and then try something new. You catch a lucky break. You make the most of the chances that come your way. You use realism to sift through the odds in your favor, you work your plan with every ounce of energy in your system, and you hold fast to passion, commitment and faith. And then you succeed.



FROM

STEVE GOLAB

Social Strategy Support at Lithium Technologies. Co-founder & CEO at FG SQUARED, Founder & Community Steward of GoLab Austin Coworkspace.

THE ACTION OF NON-ACTION

I've been a co-owner, majority owner, and/or senior executive in a company for a long time. There was a long period, consistent with the leading business philosophy of the time, where I was very focused on managing change. I was always seeking to improve my ability to manage change and obtain better outcomes as a result.

But, in more recent years, I have come to release this notion of "managing change" myself. Instead, I have embraced the universe as a partner that can do (and often does) the heavy lifting for me. I've been illuminated by the philosophy of wu wei – which means "the action of non-action" or "non-doing" – that was taught by Lao Tzu and is a core concept of Taoism.

I liken it to waiting for a door to open. You don't have to knock. You can if you want, and sometimes you do, but it's not required. While you are waiting, you learn to pray. This could mean prayer in the spiritual sense, if you are so inclined. But, it also means prayer in a broader, richer sense that includes preparing, being

contemplative, being present through observation and listening, sharpening one's skills, etc.

It is surprisingly challenging to create space in one's work and life, and that's exactly why it is so important to practice. Soon you will notice when the right things show up because you are more open and ready for them. This is key because many of us are so busy with "being busy" that we do not notice when the right opportunity presents itself.

Improvising is difficult for many because it's not the way of conventional business thinking. Professionals and organizations want – in fact, rely on – predictability. They aren't structured to account for mystery, impermanence, and the natural process of change.

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AND FINANCIALLY EXHAUSTING

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Steve Golab

THERE IS ONLY ONE REASON WHY

You don't do it to get rich. You don't do it for fame. You don't do it to change the world. You don't do it to "prove them all wrong" about you. You don't do it because of the adrenaline. You don't do it for fun, to travel the world, to meet interesting people, to make history or make your mark, to find your soul mates, or any other reason that has logic attached to it.

All of those outcomes – the milestones on your career journey – can be achieved in a job. Most of the time, in fact, they can be achieved just as quickly, with far less risk, and greater certainty.

No, there is only one reason to be an entrepreneur. And that is because you're unable to be as happy doing anything else.

Some would replace "happy" with "joyful." Or they might say that choosing the entrepreneur's life is due to personal passion or a deep sense of purpose. And, I'd agree that passion, joy, purpose are all part of the emotional equation. Because happiness is absolutely a relative term.

Entrepreneurship certainly doesn't leave you with a smile on your face at the close of every day. Quite the opposite: it can be the most physically, intellectually, emotionally, and financially exhausting thing you will ever do.

That's why I often tell people that it's "in my blood" to try to provide a reason for what's become my life's work. It's inside of you, part of who you are. At the end of the day, the choice of an entrepreneur's path is one you make because you would be unhappy doing anything else, no matter how great the rewards.

So, especially for anyone who is a college student, first-time founder, or professional considering striking out on your own, think long and hard about what makes you happy.

Take serious stock of your motivations. My friend and colleague Gmeta recommends creating your Life Map. A Life Map is comprised of your authentic answers to these four questions:

- "Who do I Aspire to be?"
- "What is my Genius?"
- "What is my Passion?" (And, conversely, what drains you or sucks the passion from you?)
- "What are the things for which you have the most Gratitude? What are you grateful for?"

Is the only choice for traversing your Life Map as an entrepreneur? Or are there other choices? Only you can decide.



FROM

GARY HOOVER

Founder and CEO of The Spark Factory, Hoover's Inc, TravelFest, and BOOKSTOP. Entrepreneurship Teacher at Hoover Academy.

THE LONG MARCH

Most enterprises begin with one person starting out alone. You are the only believer. Eventually you find someone who will listen to you and who comes to see the same vision. That person becomes your partner, your investor, or your first employee. Now there are two of you. In time, there are three, then ten, then one hundred. Eventually, if you are persistent and dedicated enough, the whole world sees the vision.

It's a long march. You start out uncertain of your ability to generate any sales. In time, you make some, but you're not sure you can make any profits. Then you make some profits, but you're unsure of your ability to sustain them. You start out with nothing but unanswered questions. Then you proceed to answer them, one by one.

Overcoming obstacles is one of the most common patterns you see in the building of great enterprises. When Carnival Cruise Lines first started, the company couldn't afford a new ship – so they bought an old, slow, beat-up one. Their cruises took longer than the competition to get to the same place, so they added discos and such to keep the passengers entertained. From that make-lemonade-out-of-lemons start, Carnival reinvented and reinvigorated the cruise industry, and today it holds a market share in excess of 50%.

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212

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ADMIRAL BOB INMAN
ALESSANDRA REY
AMBER BEZAHLER
ANDREW CHEN
ANDREW GUENGERICH
ANDREW RAUCH
ANJALI SUNDARAM
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213