

[SQUEAKING] [RUSTLING] [CLICKING]

JOSEPH HADZIMA: OK, welcome to the last session of our six-session journey. The first part tonight is Bob Jones. And he's going to talk to us about something that I raised at the beginning.

In the first session, I had a list of questions for you to think about if you're going to start a venture. Most of those were factual things, like do you need a corporation? How do you find a customer? Those sorts of things.

But there was one slide that was about more personal things. Is this right for you? What does it mean for you? Well, Bob is going to explore that in more detail in just a moment here. So he doesn't need introduction. You've seen him before. And take it away, Bob.

[APPLAUSE]

Would you a-- let me get your presentation.

BOB JONES: I'm so wired up tonight that if there's a gravitational wave that comes by, I'm probably going to burst into flames. So good evening. I do have a talk for tonight, but before we get too far into it--

JOSEPH HADZIMA: There you go.

BOB JONES: Thank you. I'd like to turn that around a little bit and actually ask you your thoughts about this course, because we've been doing it for a long time, and I actually, to considerable extent, redo every one of my presentations every year, which is probably a sign that I need medication.

But I want to keep what's good. I want to dump what isn't. And in the spirit of continuous improvement, you guys had choices for what you could do during IAP. And for whatever combination of reasons, you took this course.

So I'd love to hear a few comments from you as to what did you expect? What did you get? How did they compare? And did you get any value out of this? Janet, I'm probably going to put you to work handing out microphones. But how about it? Give us a little bit of feedback, please. You can see why Janet wear sneakers for these things.

AUDIENCE: I'm a second-year MBA student and looking into entrepreneurship for the past two years. And I think there's something to be said about distilling all this information into only six lessons. And I've actually found a lot of one utility in that. I can really get into core truths that seemed very useful just going into the future.

One I think point that really just stuck with me in the course because everything else has just been at a very high level, is the negotiation piece. I just personally wish that there was a little bit more content, meat on the bones, as opposed to going through an exercise. Just saying, like, what are the core principles of negotiating and getting to mutually beneficial results?

BOB JONES: Awesome, thank you. Kurt, for what it's worth, the battery in this gizmo has died. So if you could do a little surgery, I'd be grateful. Thank you. All right. Someone else?

AUDIENCE: So I think a lot of us came with different experiences into this course. What I appreciate is I never got any formal training in business. I've been doing it for 25 years. And it was enlightening and motivating to see this and to now really understand some of these things, so that I can go dig into it a little bit more, as I'm now embarking on my own entrepreneurial journey.

BOB JONES: So let me dig into that a little bit. Are you saying that there were actually practical lessons that you got out of this, or that we covered topics that you had never covered before? Flesh that out a little bit, please.

AUDIENCE: I saw some of the reasons why I was doing some of the things-- some of the things that I had applied, and going through, for example, financial projections and all that I had to learn on the job.

I never did it before from really the learning perspective, this type of perspective. I have to second with regards to negotiations, just because I've been part of a lot of negotiations, that it would have been nice to have a little bit more of the--

BOB JONES: Brilliant, thank you.

AUDIENCE: --rather than jumping into it. But it was a good exercise nonetheless.

BOB JONES: Well, the point you made, that people come into this course with vastly different backgrounds, of course, makes it challenging for the presenters, because I've been in these things where some of the participants were freshmen, some were faculty members, several had already had two startups, and a couple who came in and said, I took the course two years ago.

I had a startup. It flopped. I'm back to see what it was I should have paid attention to and didn't. All right. Anyone else want to add something to that? Yes, sir.

AUDIENCE: I've got the mic, so I guess I get to go.

BOB JONES: Congratulations

AUDIENCE: I mean, I've been through a fair amount of similar courses with Y Combinator over at MIT prior to being at Sloan. I really appreciated how you boiled down to first principles for the sales side, getting to know your customers. I think being at MIT and building all these really cool technologies, it's very easy to get lost in what you're building in the tech and the product.

It was refreshing to see how you specifically boiled it down to first order principles-- building something the customers want, customer obsession, customer focus. And regardless of technology, business is business. It comes in different shapes and forms, but the principles remain the same, regardless of what you're building.

BOB JONES: Well, I think you just volunteered to teach a session next year, because I think that's actually kind of the heart of the matter, which is that we spend a lot of time articulating high-level principles in our schooling.

And we sometimes trip when those principles collide with reality. And sometimes I find it very helpful to say, well, find out what your customers want and give it to them. It's like, well, duh. But it gets overlooked frequently. So thank you. That's helpful. Anyone else? And we've got one gentleman here and then we'll close this out.

AUDIENCE: So thank you for those sessions. I don't have any entrepreneurial experience, so each of the sessions was of immense value for me. One thing that I can think would further help, especially with the numbers are the pitches, getting access to existing startups' pitches, or some numbers [INAUDIBLE].

If you have access to that, I think it would help us in connecting the points that OK, if I'm trying to forecast sales, how would it be [INAUDIBLE] for upcoming years and stuff like that.

I think if there is a link for some particular pitches that I think would be really helpful. But other than that, if you have similar resources, that would be great.

BOB JONES: Thank you. That is a topic that every now and then Joe and I have knocked around a little bit, which is we've got a substantial list of people who've gone through this course over the years. And we never really have made any effort to try and create a community out of that.

And yet, I think there's real value in that. And well, I'm going to elaborate on that in my talk. Entrepreneurs are weird, and they usually don't have very many friends.

And a community of people who are weird like you can be not only useful, but quite comforting. So we're going to flag that. We'll have a follow on conversation. And you have the mic, sir. Sorry, you're on.

AUDIENCE: Yeah, so as someone who did university as an undergrad for two years and decided to drop out because there was too much of an emphasis on theory, and I'm a very hands-on person, having to do it from scratch, I had no formal training in business or anything like that. This is my first foray into it at all.

And I really, really appreciated how you guys work with boiling it down for someone who's never worked in the business at all. And there was never a moment-- maybe aside from that day where it was all financial topics and all that-- where I was like, what are we talking about? Everything was very straightforward, and I really appreciated that.

BOB JONES: Good. All right. That's very helpful. If you think of a major topic that we should have included but didn't, and we should build it in for next year, tell Janet and have her-- do you have a final remark you want to make? All right, Janet. We're going to have one more here. And then I want to get to the subject matter at hand. Go ahead, ma'am.

AUDIENCE: I have experience in multinational and global advisory for public companies. And I found everything really practical. That includes [INAUDIBLE]. Especially the session we had today, which was financial--

BOB JONES: Financing sources, yeah.

AUDIENCE: I mean, [INAUDIBLE].

BOB JONES: Hold on a second. Remember what I said about microphones?

AUDIENCE: Hearing it from people who actually invest in successful businesses and the criteria that they look for, that was illuminating.

BOB JONES: OK. Find out what your customer wants, give it to them. Great. All right. Thank you very much. The feedback is valuable. And I don't know how often you've had people running courses ask you what you thought and whether or not it could be made better. But we're pretty serious about that whole customer discovery thing.

So tonight's agenda-- stories. And then we're going to talk about some of the hard stuff about entrepreneurship that rarely gets talked about, some lessons. And we'll wrap it up. This is kind of obligatory, because these are free standing and you guys have seen it by now. So I'll just blast through it.

I started some companies. I wrote a book. I had a turnaround job. I had a couple normal jobs, went to a couple schools. I'm a working musician. I'm playing next Saturday in the morning as a solo guitarist at the Pine Street Women's Shelter for their Valentine's Day Tea.

And then that evening, in a complete reversal, I'm playing the blues at a brewery in Marlborough. And of note, you guys should pay attention to MIT's Venture Mentoring Service, if you ever pursue this and anyone in your senior management team has any affiliation with MIT.

OK. How many of you guys have already been through something like Y Combinator or Techstars, or some of incubator for training? OK. Well, we'll get some comments from you as to how this compares at some point.

Some of the popular myths about startups is there's a lot of money available. And if I bring my amazing idea to investors, they will just shower me with money. So might there be some part of that that's not true? Maybe.

And there's also some popular myths about boot camps, for example, that there is a magic formula for success. And if you follow the path that we teach you, you can pretty well be guaranteed that you will be showered with money. And there are outfits out there that kind of halfway promise that.

This left us with a moral dilemma. Do we hype it, promote the myths? Or do we tell you facts? We voted for facts, because that famous professor Hadzima articulated an equation for you guys in your very first session. Happiness is reality divided by expectations.

Tonight we're going to talk a little bit about expectations, because the facts are, it's hard, and most startups fail. And most investors believe that you will probably fail. You may be brilliant. You may be charming and lovable, kind to animals.

Investors think you're going to fail. There are lots of entrepreneurs. There's lots of competition for talent, funding, and other resources. And many of the entrepreneurs won't get the money.

So why am I talking about this? Well, when you decided to come here, or Harvard or Tufts or Northeastern or Northwestern or wherever you went, you probably knew walking in the door that you were going to take a beating somewhere along the way. And so you probably didn't realize how much of a beating you were going to take, but you knew it was going to be hard.

But there are a lot of people who promote entrepreneurship. And in my opinion, they over-glamorize it and they don't tell you how hard it is. So in the spirit of disclosure, tonight I want to talk a little bit about the fact that even the smartest ones fail.

And I know a lot of entrepreneurs. I don't know a single one who got everything right the first time. It's going to be important that you know, to this community question that you brought up, you're not alone. And there are some resources you can draw on. And I'm going to talk a little bit about all of that this evening.

I do think that this is very important. Entrepreneurs solve problems. They improve lives. Your new businesses drive growth, create jobs, and in some cases, create wealth. And that's a noble endeavor.

But it's hard. When I was interviewing some of my friends who were entrepreneurs for the book I wrote, one of the people who's in the book failed nine times in a row before she eventually hit it with number 10.

So that raises a couple of questions, of course. How on earth do you come back after nine consecutive failures? And also, what did you do differently in number 10 that caused this one to succeed? Which sort of became the paradigm for what I wrote about.

So tonight is less-- my session tonight is less about the practicum that you all said you liked. So I may be making a mistake to deviate from that. But I want to talk a little bit about things you may need in the future.

But first, a story that might cause you to think I accidentally walked into the wrong room, diving boards. Until a couple of years ago, I was a pretty serious springboard diver. Worked out with a coach and a small group of lunatics at Boston University. And I was the guy up on the high board doing stuff that nobody at my advanced age ought to be doing.

And one summer, I was screwing around at the outdoor pool in Lexington. My at the time 14-year-old daughter came up and said, dad, you know that thing you're doing with a coach at BU? Will they take kids?

I said, I can probably make that happen. Do you want to learn how to do this stuff? Yeah, I want to learn how to do that flippy stuff. And I said, it's hard. It's terrifying. You sure you want to do it? Yep.

So I said, all right. And I signed her up, because I knew that most 14-year-old girls didn't even want to be in the same building with their father, and I wasn't going to pass this up.

So I knew that there comes a point for most new divers, you've learned how to work the board. You've gotten some altitude. You've learned a little bit of basic gymnastics moves, and then you flop.

And I knew that she was going to get to that point. And sure enough, the coach realized she actually had some athletic ability, sent her up on the high board, said, walk to the end of the board, turn around backwards so the water is behind you.

And I want you to pull your knees up close to your chest, both of them, and balance on the balls of your feet. Water's behind you. And then I want you to fall over backwards. And when I say hut, I want you to come out of the tuck, look back for the water, and go in headfirst.

Now, the second time you do that, you think, well, what was the big deal? That wasn't that hard. The first time you do it, you think, oh my god, I'm going to die. And the last thing I will see is the ceiling of this pool just before I die.

And sure enough, she rolled over backwards. And when the coach said hut, instead of looking back for the water, she panicked and did a complete backflip from the high board. And all five of us-- the rest of us in the class-- knew exactly what that felt like.

She might have sunk 3 or 4 inches in the water. Just [CLAPS] tears, bright red back. Came to the edge of the pool, and we all comforted her for a minute and then went about our workouts.

Because I'd explained to her in advance. I said, look, I'm not going to be one of those tiger dads or helicopter parents or whatever. You're going to do this because you want to do it. And p.s., I need the coaching as well.

So for that time that we're on the boards together, we're just fellow divers. She said deal. So I knew she was at a crossroads. She was either going to decide, this is ridiculous. I've made a terrible mistake. That really hurt. I'm never doing this again. Or she'd changed her mind.

So I continued diving. After a couple of minutes, I saw her sitting there looking up at the platform where the two high boards were. And she got up and she walked over to the stairs up to the high board.

I said, what are you doing? She said, I'm going to do it again. I'm going to get it right. I said, yes. Her decision, right? And actually, we continued diving for a couple of years till she got to high school and discovered boys.

Well, entrepreneurship is a little bit like that, in that you're trying something you've not done before. And it's scary. And when you flop, it hurts, particularly if you've led a life of high achievement. It's painful. It's not something you're accustomed to. And you come to that crossroads.

Now what? And a fair number of people say, well, this was a terrible mistake. I'm never doing it again. And that's the majority. And for them, it's the right decision. A few of you who have wiring defects say, you know, that didn't kill me. I'm going to do it again.

So think about it. If you're an innovator, what comes with innovation? Well, you're doing something new. You may not have done it before. Maybe nobody's done it before. There's no established roadmap, which raises the alarming possibility that you might not know what you're doing.

Totally forgivable, totally understandable, but many people find uncertainty to be stressful. And you have to make decisions-- a lot of decisions. And some of those decisions are going to be wrong because you're moving fast, you don't have enough information, and you got to make a decision.

Do we raise the price? Do we sign a contract with this supplier? Do I hire this guy? Do I fire this one? So you have to ask yourself, can you accept that? Many people find that one of the appeals of being an entrepreneur is that you're your own boss.

Is that true for any of you? Thinking about it? Yeah? OK. Well, here's the good news. Nobody's going to tell you what to do. Here's the bad news. Nobody's going to tell you what to do. You'll be in situations where you think, I don't know what to do.

So let me tell you a couple of stories that my friends that I interviewed for my book told me. These are their words, not mine. Here's Trevor. Trevor said, well, I became an entrepreneur when I was 26. I was on the front page of the newspaper. I had a brand new hot car. I had a smoking hot girlfriend and I had the world by the horns.

One year later, I'd lost everything. My car was repossessed, meaning somebody showed up and took it. My girlfriend dumped me and I was living in my parent's basement working as an assistant manager at RadioShack.

So well, Trevor, how'd you feel about that? Took me a couple of years to get the taste of failure out of my mouth. And I still remember it vividly every day. I should point out, by the way, that Trevor is quite successful these days.

But I decided-- I hope you'll see the analogy to the crossroads decision my daughter made-- failure is not fatal experience. It's a learning experience. You have to take care of yourself first, and you have to become a perpetual learner. And the most important trait for an entrepreneur to be successful is not intelligence-- please don't burst into tears-- and it's not creativity. It's adaptability.

Here's Laura. Laura is brassy, kind of profane, polarizing in that there are people who love her and people who don't want to be in the same room with her. I'm in the first category. I think she's awesome.

But she was managing two big businesses for a big company and had a big paycheck. She quit, walked away, went all-in, joined an entrepreneurial outfit that Joe and I have done a bit of work with. And she knew when she walked in-- she just concluded, I'm the smartest person in the room.

At 10:30 in the morning on the first day, she retreated to the ladies room in tears, called her husband. I had asked her some questions that she found distressing. Called her husband. I've made a terrible mistake. I can't do this. I'm not cut out for this. I have to get my job back. You have to come get me.

Fortunately, her husband had been married to her for 19 years. He said, Laura, knock it off. This guy just saved you two years and a couple hundred thousand bucks by showing you that you were going down the wrong road. Go have another idea.

OK. Back in she went. She did have another idea. And it wasn't very good either. She spent a half a million bucks of her own money and it was a bust. More tears, more heartache. So she had another idea.

And in this situation, she ended up having a coffee one day with a guy that ran a huge real estate firm. He loved her idea, and big success. Pulled together a little side hustle which blossomed. Signed a big contract with Hallmark, the people who make greeting cards.

All of a sudden everybody says, Laura, you're awesome. She was always awesome, it just took her a while to get to the answer. And she said, you know, Bob, when my second business was tanking, I remembered your story about the kidney failure product.

You guys may remember that from our first night together. And I figured out my prospects are never going to use my product. Lesson? Validate, validate, validate. Talk to your customers. If they don't want it, you can't sell it.

And the lessons from talking to the real estate guy-- she just buttonholed him one day. Their kids were on the same swim team. And she didn't even realize what a hot ticket he was. She said, would you have coffee with me and help me understand something?

I've got this little business going, and it's taken off and I don't know why. And he looked at it and he said, I can tell you why. I want it for all of my agents. And she said, OK. He said, no, I want it for all my agents. There are 11,000 of them. Whoa, who is this guy? Anyway, value of reaching out. And she had something where they won if she won.

OK, reactions so far? Any takeaways? Anything I should know from you? Some years ago, I figured out when I was interviewing people, if I found somebody I really liked and wanted to hire them, I would spend a fair amount of time explaining to them all the reasons why they should not take the job.

It can be really hard. It could be really risky. We're probably going to fail. See that curb outside? You're likely to be sitting out on that curb unemployed before long. And if they started grinning, I knew I had the right person. So if you're grinning, you may be ready for this.

Here's a few of my thoughts. This is a lonely life, and it's hard to find anybody to talk to. And what I'm about to tell you is a parable, but it's based on a lot of stories from a lot of entrepreneurs that I have distilled.

And forgive me, I'm going to use old school '50s-type dynamics here. Jack and Jill were both gainfully employed, accomplished professionals. One day they decided to start a family. They concluded that one of them should stay home and take care of the kids.

Jack lost the coin toss and he stayed at work. Jill stayed home. Jack, after a while, quit his job at Amazon and joined a startup. In fact, started a business. Discovered it was way harder than he thought, and he was running into situations where he didn't know how to handle him.

He came home one afternoon and, as some men I know do, walked in the door, completely oblivious to all that was going on at home and wanted to immediately start talking about his day. And he said, you know, I kind think I don't know what I'm doing.

And Jill at the moment had just changed two dirty diapers and mopped up strained carrots from the floor. And she exploded. She said, what do you mean you don't know what you're doing? Do you realize we've got a mortgage? We've got two kids.

We need to be saving money. And you took this crazy job, and you're telling me you don't know what you're doing. Have you lost your mind? Which caused two thoughts for Jack. One was, oh, dear. She's right. And the other was, that didn't work very well. I don't think I'm going to do that anymore. I think if I have self-doubt, I'll just leave it at work.

But the fact is, if you're going to go do this, you're going to be rejected constantly. Potential clients will tell you no. Partners will tell you no. People that you want money from, they'll tell you no. Potential employees, they'll say no, I'm going to take a job somewhere else. And it's hard to find a shoulder to cry on.

And if you have lived a life where you have been accomplished and you've been rewarded for being smart and for your awesome work ethic, this will be difficult. And it is unfortunately true that not everyone has your best interests at heart.

My friend Glen built a good business. Over six years, he worked very hard. One summer, his wife's father said, I've come into some money and I'm going to take the whole family to Europe. And I'm paying all the expenses, two weeks vacation.

He said, I can't go. I have to stay home and work. He raised capital. He secured customers. His business was growing nicely. And then his investors stole the company from him. He found that to be difficult.

So sidebar, two lessons-- don't raise money from the wrong people and protect your intellectual property. In other words, if you've got a magic algorithm or secret business formula, protect it.

So at the risk of pushing a few more of you off the cliff, meet your constant companions-- anxiety, self-doubt, imposter syndrome. Let's unpack that a little bit. If you're running a company, there are a lot of people that are counting on you-- your family, your employees, maybe even your customers.

And when you flop, you go home wondering, maybe I've made a mistake. How many of you found yourself maybe a month into your freshman year looking at your genius classmates and your terrible test scores, and found yourself thinking, maybe I made a mistake. Maybe the admissions office made a mistake.

Well, same feeling, grown up, of course. But you doubt you're the right person for the job. You have been presenting yourself as the capable captain of the ship. But secretly, you worry, maybe you're not.

Maybe you're a fraud. Maybe you're a poser. These are disturbing thoughts. So is there hope for us? Well, except up front that normal people can't help you, because you're not normal.

I mean, serial entrepreneurs are just wired differently. If you were normal, you'd work for Amazon. Your normal friends don't understand why you're not working for Amazon. You have made life choices that they think are crazy.

And if you come to them wanting to boo-hoo a little bit because things aren't going well, they think, well, of course they're not going well. You're a dumbass for even doing this. You should be doing this other thing where you have a nice stable income. So they can't counsel you.

So the answer-- find a community of people who are as crazy as you are, which you brought up, and which we probably need to do more with. But Joe and I, as mentioned, spent a decade or more working with a group that works with high growth entrepreneurs in the Midwest.

And over and over again, they would meet in Kansas City or Wichita or whatever, and come into the room and say, I thought I was the only crazy person out there. I'm in a room full of people like me. These are my peeps.

And in short order, like half an hour, they'd all be sitting at the bar, swapping all kinds of details about their life stories, because they were kindred spirits. So find a group like that. We may be able to help. Seek their counsel. Help them as well, because there will be times when that support network is a lifeline.

Shifting gears for a second, I think this is really important. There's this word pivot that gets batted around as a synonym for I didn't know what I was doing, so I changed. And that's actually OK, because scientists articulate a hypothesis and test it.

And if the hypothesis proves to be wrong, they say, well, time for the next hypothesis. If your business fails-- in a lot of places in the US, the feeling in the community is if your business failed, then you're a failure.

Fortunately in places like Boston and a few places in the West Coast, you'll talk to people. And you'll after a while say, ugh, my business flopped. And they say, ah, dude, mine failed three times. Welcome. Keep going, because you are testing hypotheses.

This is a re-engineering of your mindset here. You are testing hypotheses. And what you did was found one that didn't work. Time for a new hypothesis. To use a different analogy, you may be a talented jockey. You may have just picked the wrong horse. Shoot it. Find a new horse.

One thing you can do-- and I have found this to be a lifesaver-- is get a business advisory board. These are experts who want you to succeed. They're helping you for mainly-- well, partly because they like you, you hope, and mostly because they want to see you succeed.

This is not the same as a board of directors. A board of directors, as you no doubt have learned in the course of the past week and a half, they represent the shareholders. And they are not only empowered to fire you, but obligated to fire if they think you're not the right person.

That's not usually a good place to stand up and say, I haven't the slightest idea what I'm doing. Business advisory board does not have those fiduciary responsibilities. It's a great place to stand up and say, I have no clue what to do next.

Just a quick story. I at one point, along with one of my genius scientist friends, had invented a 2.5 ounce drink that helps you sleep at night based on food ingredients. And I said, I don't have the slightest idea how to find a manufacturer who can bottle a beverage like this in quantities less than 2 million bottles, which I can't afford.

My friend Noel had recently retired as senior VP of a lot of stuff, including manufacturing, at PepsiCo. He said, let me make a couple phone calls, Bob. Two days later, problem solved. So it really helps if you just assemble some people who think, you might have a big idea, and I know something about this. I might be able, in this narrow arena, to help you.

Interestingly, about a year into it, I realized these people have helped me over and over again, and I've never done a thing for them. I feel guilty. I can't give them any money. I don't have any money. I should give them equity, some ownership in the company. And I didn't know how much to give them.

So I asked them. I said, I'm thinking of giving you guys some equity. I feel obligated to do that. And I'm grateful for your help. And my business would have died six months ago without your help.

And I don't know how much to give you. You're my advisors. Advise me. I trusted them, obviously. I said, I was thinking of giving you a 1 point apiece-- 1%. And they said, that's too much.

Give us a half a point apiece. That's more appropriate. And when you show your capitalization table to prospective investors, they will acknowledge that you made a sophisticated decision, and it'll help you raise capital. I love these guys.

Attitudes that will help, what I found to be the right blend is if they listen more than they talk. If their attitude is, I want to show you that I'm the smartest guy in the room and I know everything, that's not going to be productive.

Most of them you want to be cheerleaders, so that you can stand in front of them and say, I fell down. And they say, don't worry, you'll get up. But it really helps if you have one or two who'll give you 10 reasons why your idea or the steps you're going to take won't work.

I had one of those guys. He was pretty sophisticated. Worked at Nestle, had seen all manner of ideas, most of which didn't work. And he had a long list of sensible, validated reasons why things wouldn't work.

And he'd throw out 10 of these things. And I think, I got you there, here, here. I had seven of them covered. Three of them, I would think, oh, god, I didn't think of that. So I find that to be a useful balance. You guys OK with this? Question? Yes, sir.

AUDIENCE: Not to dive too much into the details of the advisory board, but how would you recommend we structure-- or add some sort of framework or structure behind their roles and responsibilities? Is it a document that says, hey, let's meet once a month, sit down and talk about the business challenges, growth solutions, all sorts of things.

BOB JONES: Thank you for the question. I don't have what is considered best practices. I don't know. What I did with every time I did one of these-- because I knew these people and I trusted them-- I would simply have a call with them and we'd chat.

And I would say, look, I don't want to burden you with a lot of stuff. What I want is to be able to call you every now and then in something that is your area of expertise and not mine. And we'll probably have a meeting for two hours every other month.

And my goal is we take what you know and what the other advisors know and add it to the little bit that I know, and we'll build a great company. And they all said, I've been loving what you're doing. This idea is cool. I'm in. It was that straightforward.

And the only time we put together a document was when I finally figured out I ought to give them some equity. And we had to put together something that said, here are the options and the vesting processes, and you should file an 83(b) election, and blah, blah, blah. But prior to that, it was all a handshake. Anybody else? Questions? Yep, got one behind you, Jan. Yes, sir.

AUDIENCE: From a personal standpoint, would you say that the threshold for having a chance to succeed from a startup going from 0 to 1, is that you have to view the idea as something that you have to attempt?

BOB JONES: Are you asking me if the success criterion is I get so fired up, I think I just have to do this?

AUDIENCE: Yeah, is that like the threshold of commitment to have a chance?

BOB JONES: I think that is a double-edged sword in that the right level of passion will cause you to think, I might work on Saturday and every now and then and get something done. And I'm going to get back up after I've been knocked down.

Too much passion blinds you to the obvious. And I think if you meter into that, yeah, but I also got to make a living, and I got to deal with my family and support them. And on a good day, I actually like my children. I wouldn't mind spending some time with them, and having some balance.

So I think Tuesday night when we talked about pitching, I said deploy passion wisely. Because if your pitch is so passionate that they fear you're just going to have a seizure or something, then you're unlikely to attract investment.

And I think similarly, when you're looking to start something, if it really gets you fired up and you think, god, I would love to do this, that's a really good sign. If you think, well, I'm just not going to eat or sleep or shower or see anybody, that's not a good sign. Reasonable answer?

AUDIENCE: Yes, thank you.

BOB JONES: You're welcome. OK. Oh, backed up. I'm sorry. There is something that I left off here. There are resources around. Harvard's got the i-Lab. MIT's got Venture Mentoring Service. Most of the schools have discovered that there is an appetite for entrepreneurship amongst their constituency, and they have responded. So find those resources and avail yourself of them.

This is an elaboration on the question that you just asked me, but an awful lot of entrepreneurs also think that they really can't do anything else 24/7 but work on their business. And I think that's a really bad idea, because you have to make good decisions.

And it doesn't matter how smart you are, how strong your work ethic is. There are 168 hours in the week, no matter who you are. And if you spend every one of them working on your business, there will come a point when you will self-destruct.

So not to sound like your grandmother, but there are some obvious steps which are frequently ignored. Enough with the carry-out pizzas. Eat a decent meal now and then. Get some exercise. It's incredible for helping you manage stress.

There's a lot of literature out there that says a five-minute walk has extraordinary benefits in reducing your stress levels. And because I was in the sleep business for a while, I ran across a bunch of statistics to the effect that sleeping only five hours a night causes the same impairment to your cognitive abilities as three drinks.

So you're operating probably beyond the legal level for intoxication most of the time. Ask yourself, are you making the best decisions for you and your company? Get some sleep. Go home. Take care of your loved ones, because they're going to be important to you long after your business has failed or succeeded.

There was one year when I missed Halloween with my kids, who wanted to walk around in costumes and have me take them with them. And they remembered that I missed their Halloween long after I remembered why I'd missed their Halloween.

And when that happened, I said, OK, new rules. I'm not doing that anymore. The business issues will be there in the morning. You need to recharge your batteries. This is hard. It drains you. Do stuff you love.

Some of you run. Some of you climb rocks. Some of you are artistically gifted. Some of us blunder our way into playing music. Whatever it is, do stuff that recharges your battery. Your business will be better off and so will you.

I had a party when I launched my book. Picked up a lovely place on the seaport. I had a whole bunch of lunatic entrepreneur friends from Kansas and Nebraska and Oklahoma who flew in on their own dime to come, and a bunch of people here in Boston to come. And it was kind of exciting.

Writing a book was extraordinarily harder than I expected it to be. And after a lot of false starts, I had ended up with something I was kind of proud of and I thought it was kind of cool to have a launch party.

And I didn't want it just to be cocktails and hors d'oeuvres. I wanted to have a little bit of a panel discussion, talking a little bit about entrepreneurship. And so I snagged three of the entrepreneurs. And I had them sit at little stools up front. Each of them had a microphone.

And I asked them a question. I said, you're in a room full of people who either are entrepreneurs or are thinking of being entrepreneurs. What's the most important piece of advice you could give them? Just like that, with no coordination whatsoever, all three of them said, don't do it.

Whoa. This sort of underscores the lawyer's maxim, don't ask a question you don't know the answer to. I thought, oops. But it did raise two questions. Why on earth would you say that? And given that all three of you are running startups now, some of you for the second or third time, why are you ignoring your own advice?

So a provocative discussion followed. And to that extent, a question you may be asking yourself right now is, why on earth would anybody do this? If it's as difficult and maybe even dreary as I'm describing it, why would you do it?

Well, some of their answers, you have to. This piggybacks on your question. You feel a real drive to create something that's better. You want to be your own boss, even to the point where you'll take a pay cut to do it.

Maybe you're just too weird to do anything else. You found that that corporate culture was a lot like that pair of shoes that looked great on the shelf. But when you walked around in them for a while, you found yourself thinking, I can't wait to get out of these things. They just don't fit me.

Maybe you want to improve the quality of life for others. I had an entrepreneur who had a pretty successful business going in St. Louis. Health care software, pretty cool. And he called me up one day and said, Bob, you told me to find my customers. I found more than I expected. I don't know how to select where I ought to go.

Can I spend a day with you? Stand at a whiteboard and smoke my way through this and help me make some choices. I said, yeah, come on into town the night before. I'll take you to a sleazy seafood restaurant, and we might have an adult beverage or two, and then we'll work all day the next day.

And we did and he did. And I was operating under the assumption that what he wanted to do was grow this company to the point where somebody came along and bought it, enjoy his wealth for a year or two, go do another one. And he would say, yes, yes, that's right.

But when we talked about that, he was engaged but not animated. And when you're having dinner with somebody and maybe enjoying a beverage or two, conversations tend to drift a little bit. And he started talking about this orphanage in Venezuela that he was sending money to and sending resources to and was supporting.

And when he described that, he would light up like the Christmas tree in Times Square. And about midway through the next morning, as we were working through all of these triage exercises, I said, you know, I don't think you're looking at this the way you should be looking at it.

I don't think you want to go hell bent on growing a company that investors will love, and someone will come along and acquire it. I think what you want to do is legitimately build a great company. And if somebody comes along someday and says I'd like to buy it, you'll have the conversation.

But what you want to do is build a great company that allows you to spend some time on these philanthropic efforts that you really like. And he stood there for 30 or 40 seconds. And then he went, I feel so much better. He says, you're absolutely right. I've been going down the wrong road all this time. So maybe you want to improve the quality of life for other people.

One more story like this. Another of the entrepreneurs was involved in the business of bringing internet access to sections of rural Nebraska. I thought, well, that doesn't sound very glamorous. Why are you doing it?

And he said, I'll give you an example of why I'm doing it. There's a woman out there. Call her Carol. Carol doesn't have internet access. All her kids get their homework assigned online.

And what she has been doing for the last couple of years is leaving work at 2 o'clock, picks her kids up from school, and parks the car outside the library so the kids can piggyback on the Wi-Fi from the library. They can get their homework assignments and they can do their homework. And then she takes them home, points them toward the prepared meal that she's left for them, and goes back to work.

And when the day came that we put internet access in her place, he said, yeah, I'm the CEO of the company. But I was doing the install along with the rest of my guys. I'm just wearing a shirt that says Mike.

And she came up to me and she says, you're running this outfit, aren't you? And he said, well, yes, ma'am. But that doesn't really matter. She said, let me show you something. She says, come in here.

She says, you see that bag of groceries on the table in the kitchen? Tonight will be the first night in four years that I have been able to cook dinner and have dinner with my children. And tomorrow I will be able to work normal hours and come home because my kids finally have internet access. He said, that's why I'm doing it.

Great story or what, right? So you want to correct something that needs to be fixed, which was one of the things you mentioned in our very first session. There's a few more answers, all of them legitimate.

Maybe you like the idea of creating wealth for your family and for yourself. Build it, sell it, build some wealth, spend a year in the Alps or sailing your yacht, and then do it again.

Maybe you love the buzz. You get really worked up over cool technologies that can solve problems that you're interested in. And forgive me if I'm thinking like a musician, but to be a decent musician, you need to have an odd blend of creativity and discipline.

If I remember right, you know a bit about this. You've got family members and you're a player, et cetera. You need to know your scales. You need to know the modes. You need to understand the framework. You need to know the difference between 3/4 time and 4/4 time.

But then you have to have something creative going on. And being a good entrepreneur is a bit like that. You need lots of creativity, but you need lots of discipline. So your reaction so far? Your thoughts? Any of this sinking in? You have questions or comments you'd care to offer? Janet?

AUDIENCE:

Yeah, there's one thing you said that struck me as wrapping up the whole six sessions or five and a half sessions, and that was the take care of yourself. I've been riding a motorcycle since before most of the other people in this room were born.

And after riding for 25 years, I took the motorcycle safety course. At the time, I was teaching at the grad school at Bentley, teaching insurance, financial planning, and risk management.

And the guy who got up in front of this motorcycle training course, I could have plucked him out of there and stuck it in front of my class. Because he said, the first thing you have to understand is what can kill you when you're riding a motorcycle, and to use the exact same example that you did about sleep, and mentioned a few other things.

So at the core of anything we do is, who's doing it? Why are we doing it? the stories you've been telling the last 20 minutes and a half hour are just exceptional. In my past businesses, as I said, I talk about people's money.

And they tell me-- and I ask them what they want to do with their lives. They say, well, I want to earn x, y z money and I need to do this. For what? What are you going to do with it? I don't care that you want to earn money. What do you want to do with your money? And until they can articulate that, it makes no sense to plan for it.

BOB JONES: Wooh. All right. We may have to have a longer conversation. I'm currently on my 12th motorcycle and took that motorcycle safety foundation course for advanced riders out on the tarmac at Hanscom Field.

Got a bit over 100,000 miles of motorcycling under me, probably 30,000 of them in the rain. Got in sideways on black ice in Chicago, et cetera, et cetera. So it is important to identify that it's just not smart to do that if you are in an impaired state.

Well, sleepy, or maybe these guys that get off work, put their helmet on, go three blocks to the bar, drink five beers, and then get on their motorcycle. They're called organ donors. So entrepreneurship is usually not quite that dramatic. But frizzed-out entrepreneurs make bad decisions. And you might not die, but your business probably will. Thank you.

OK, I'm going to give you the results of a year of research in probably two bullet points. you've heard this statistic a few times, and they vary according to definitions of what is success.

In the food industry, they ask the question, is your product still on the shelf two years later? And other industries use different metrics, but you almost can't get away from the fact that eight or nine out of 10 startups fail.

And I'm going to horribly oversimplify a lot of complex stuff. But I think it kind of boils down to, you're missing skills you didn't know you needed. If you've never launched a marketing campaign, you've never done packaging design, you've never had to fire anybody, you've never raised capital, you have never had to motivate a group of people after you just lost your shorts in the marketplace, et cetera, there's a whole set of skills you may not realize you need and you don't have them.

And also, as per tonight, you have to think like a scientist and say, well, that hypothesis didn't quite work. So the previous sessions, the nuts and bolts have been talking about the skills that you may not know you needed. Tonight we're talking a little bit about thinking like a scientist.

But I've found that when I examined-- and this wasn't a rigorous analysis, but I spent a lot of time talking to entrepreneurs that I've worked with, some of whom have had conspicuous successes, some of whom have had epic failures. This is the two-bullet summary.

I'm going to make some closing remarks, and we may actually end a couple minutes early. But I'm going to open it up to you guys now. Are there questions that I should have asked you or things that I should have talked to you about?

This is the only session in Nuts and Bolts where we actually dive into these human questions, and then the wrap-up session will be a success story that Marina has. Send you out with the buzz. It's a great story. You will enjoy it. You will find it enlightening. You're welcome. But first, do you have any final questions, comments, thoughts that you'd like to pursue? Yes, sir. Go ahead.

AUDIENCE: So assuming that you need three, four, nine attempts to make something of value, what are some best practices to give yourself that kind of runway?

BOB JONES: Well, there's a couple of answers for that. Many people who become entrepreneurs fear that they are unemployable afterwards, and that if you go down this road, you'll never get a normal job.

I have found that to be not true. What I have found, in fact, is that there are companies out there who want what they call change agents. That means you're not afraid of a blank sheet of paper and that you might be able to contribute some creative, out-of-the-box thinking that they are lacking.

And so one answer, one I have employed a few times, is to weave in and out. Go get a normal job is a translation of all that. And after about two years, I ended up thinking, god, I'm bored. And to the dismay of my family, I think, I just got to go start another company.

And another is, well, of course, the happy answer is your business succeeded and you've got some runway because you just put some money in the bank and you have some credibility. But again, if you go to the right places-- I actually know a couple of investors who straightforwardly say, Bob, I just don't want to screw around with anybody who hasn't already had a failure.

And there's two reasons. One is they don't know they can fail. Oops. And the other is they've not shown me that they have the resilience that's required to succeed. So in an odd way, if you go to the right people and say, I made an effort here, I did a lot of good things. The end result was not successful. Boy, did I learn a lot. I want to bring what I learned on somebody else's nickel to you, it's not a bad pitch.

So the two ways are, if you could pick yourself up and go right back to it, you won't be unappealing to everybody. People will not regard you as having the plague if you go to the right places.

And the other is, well, sometimes you just think, all right, I should weave back into the corporate world and see what's going on there. Maybe I can add something. Maybe I can learn something. Maybe I can make my family calm down a little bit because I have a steady paycheck, which is a novelty. So good question. Thank you. And would you pass the mic? Thank you.

AUDIENCE: What are your thoughts on when to start a business? Trying to do a day job, get it to a point where it looks like it might be feasible, and then flip the switch and go full time? Or go all the way in and actually spend some of your effort to do that? I think that's a tough call, probably depends. But just based on your experience with what have you seen.

BOB JONES: That's a really good question. In the first session that we had, I walked you guys through a back-of-an-envelope analysis. How much money do I need to make? How much is a customer worth? How many customers do I need? Can I do that?

And I would argue against going all-in until you have done at least some of that kind of analysis. I think people get swept away by their passions. This is such exciting technology and it's moving so rapidly. I have got to get in on this and grab my spot at the front of the line.

But pioneers have arrows in their backs. So I would say, if you have assessed the market a little bit and you think realistically that you could make enough money to have a sustainable business, then-- back up.

If you've not done those things, it is not the right time. If you have done those things, it might be the right time. A lot of people are arguing these days-- and I think there's wisdom here-- into doing it in small steps is almost like a side hustle. That's easier with a service business than with the product business.

But go out there and make some mistakes while you still have your steady paycheck. Validate, validate, validate. And then when you're ready, you can go forward to others and say, I've already done all this validation.

Now I'm going full time and I'm seeking investment. Here's what I've learned. Here's what I want to use the money for. It's a much more solid pitch. Deploy passion wisely, I guess. Thank you for the question. It's a good question. Yes, sir.

AUDIENCE: Thank you for an interesting series of talks. With the exception of your book, what are the books that you think are essential for the entrepreneurs?

BOB JONES: I have sort of a rule of thumb when I'm looking at business books, which is that I like the one that's the shortest. Because having been in the publishing business a little bit, I know that most 200-page books would make a great 50-page book.

But the publisher says, Bob, I can't sell a 50-page book for \$30. Say the same thing four times over. And then I can sell it. Again, I'm oversimplifying. But if you read a lot of business books, [SNORES].

So with that as preamble, I like *The Lean Startup*, which I think is useful. And though it's not specifically about entrepreneurship, there's an absolutely awesome book simply titled *Leaders*.

And I'm sorry, I cannot remember the names of the authors, but there's two of them. Warren Biehn, B-I-E-H-N maybe? I'm not sure. And I pull it out every couple of years because they talk about what leadership is really all about. And it's very short. So I think it's an awesome book. It's brief. And boy, it really hits home on some important points.

When I wrote my book a couple years ago, people were starting to be asked to go back to the office. They were rebelling. There were phrases popping up everywhere, like quiet quitting, the great resignation, et cetera.

And the thrust of my book at that time was, how do you start a company, at least as a starter kit? So I touch on questions like, how do you interview to figure out you're looking at the right person?

And if you've made a hiring mistake-- and if you hire enough people, you'll make mistakes-- how do you determine that it's time to fire them? And how do you actually do that without laying waste to the morale of everybody else in your company? So there's a lot of practical stuff.

And almost as a lark, I started interviewing other entrepreneurs who almost immediately started telling me about the failures they'd had and what they learned from it and how they felt about it and how they are now succeeding. And I thought, oh my goodness, this is valuable substance. I got to rewrite the whole book, which I did.

And so it's got a somewhat different thrust from some of the others. But I like *The Lean Startup*. I love this book, *Leaders*. It's more useful as a management guide than as an entrepreneurship guide, but valuable nevertheless. So anyone else before I pull the plug on tonight's talk? OK, thank you for your questions.

[APPLAUSE]

Oh, yeah. And by the way, if you haven't chosen to stay in touch, scan that QR code. OK, wrapping it up. Three things I want you to remember. Entrepreneurship has many rewards for certain people, but it's not for everyone.

If it's not for you, in many ways, you should be glad. It means you have a chance of having a normal life. Support, adaptability, and resilience are critical to getting through the hard times.

Tonight's talk was in case you do run into hard times. Realistically, I hope you never need this stuff. But if you do, maybe one day you'll look back and say, oh yeah, Bob said this would happen. Go get some support. You'll grow your adaptability. You'll grow your resilience. And one day you'll have your success. So thank you very much.

[APPLAUSE]

Thank you.