

DauidsGuides.com - Book Summary

Book Author: Guy Kawasaki

Book Title: The Art of the Start 2.0

[Amazon Link](#)

Summary:

Chapter 1:

- Now take your answer to the simple question, sweet spot, and soul mates and assume that you do succeed. Then subject yourself to one more test: Does your startup make meaning? Meaning is not money, power, or prestige. Meaning is not creating a cool place to work with free food, Ping- Pong, volleyball, and dogs. Meaning is making the world a better place.
- This is okay; there aren't many companies that tilt the earth. And there are even fewer in that category that set out to do so. But WTF, I want you to dream *big*. When today's humongous companies were only one year old, few people predicted their ultimate success or the meaning they would make. Trust me, if you make meaning, you'll probably also make money.
- The next step is to create a three- to four-word mantra that explains the meaning that your startup is seeking to make. For startups, the definition of "mantra" from the *American Heritage Dictionary of the English Language* is perfect:
 - *A sacred verbal formula repeated in prayer, meditation, or incantation, such as an invocation of a god, a magic spell, or a syllable or portion of scripture containing mystical potentialities.*
- Here are five examples (some hypothetical) that illustrate the power of a good mantra to communicate the meaning of organizations:
 - Authentic athletic performance (Nike)* Fun family entertainment (Disney)*
 - Rewarding everyday moments (Starbucks)* Democratize commerce (eBay)
 - Empower craftspeople (Etsy)
- These examples illustrate the three most important characteristics of a mantra:
 - **BREVITY.** Mantras are short, sweet, and memorable. (The shortest mantra is the single Hindi word "Om.") Mission statements are long, dull, and forgettable. From the CEO to the receptionist, everyone must know it. Compare the effectiveness of Starbucks's mantra, "Rewarding everyday moments," to its mission statement, "Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow." I rest my case.

EXERCISE

Write your startup's mantra in this space:

EXERCISE

Think about how you serve your customers. What kind of meaning does your startup make?

EXERCISE

If someone asks your parents or your receptionist what your startup does, what would they say?

-
- **TARGET A SPECIFIC NICHE.** The more precisely you can describe your customer, the better. Many entrepreneurs are afraid of too narrow and specific a focus because it won't lead to worldwide dominance. However, most successful companies started off targeting a market or two and growing (often unexpectedly) to a large size by addressing other markets.
- *If you are not embarrassed by the first version of your product, you've launched too late.* —Reid Hoffman
- Slywotzky, Adrian. *The Art of Profitability*. New York: Warner Books, 2002.

Chapter 2:

- Here's how to pick a good name:
- **CHECK OTHER USAGE.** Two websites are your best friends in the naming process: the [U.S. Patent and Trademark Office](#) and the [Network Solutions WHOIS database](#). The former helps you determine if your name is already used. The latter helps you figure out if domain names are available. A third website to check is the Twitter [Advanced Search](#) page to see if the Twitter name is available. You should also perform these searches on Facebook, Google+, Pinterest, Instagram, and LinkedIn.
- **PICK A NAME WITH "VERB POTENTIAL."** In a perfect world your name enters the mainstream vernacular and becomes a verb. For example, people "google" words instead of "searching for them on the Internet." Names that work as verbs are short (no more than two or three syllables) and simple. I look forward to the day when people "canva" a graphic instead of "design" it.

EXERCISE

See if the names you're considering work in this sentence:
"_____ it."

-
- **RUN IT PAST PEOPLE FROM OTHER COUNTRIES.** Use online translation sites to check the meaning of your names in other languages. Even better, once you're sure you have the domain, ask your social media followers what the name

- means in their language. You're more likely to catch slang and negative connotations by using human assets in this manner.
- **PICK A WORD THAT BEGINS WITH A LETTER EARLY IN THE ALPHABET.** Someday your organization or product name will appear in an alphabetical list. When this happens, it's better to appear early in the list than later. Imagine, for example, the conference directory for an event with a thousand exhibitors. Where would you like your listing?
- **AVOID WORDS THAT BEGIN WITH NUMBERS OR X AND Z.** Numbers are a bad idea for names because people won't know whether to use numerals (123) or to spell out the number (One Two Three). X and Z yield names that are difficult to spell even after hearing them, and they are late in the alphabet.
- **PICK A NAME THAT SOUNDS DIFFERENT.** A name should not sound like anything else. For example: consider Clarins, Claritin, and Claria. Which name refers to online marketing versus cosmetics and antihistamines? Even if you did remember, it's likely that you would associate all three words with one category.
- **AVOID MULTIPLE-WORD NAMES UNLESS THE FIRST WORD HAS VERB POTENTIAL OR THE ACRONYM SPELLS OUT SOMETHING CLEVER.** For example, "Google Technology Corporation" would have been fine. The name Hawaiian Islands Ministries, a para-church organization that trains pastors and ministers, becomes "HIM"—a clever homonym with "hymn" and a play on "Him"—that is, God.
- **CAPITALIZE THE FIRST LETTER.** I made a mistake when naming a company I cofounded called garage.com. Lowercasing the g made it difficult to pick out the name in blocks of text. The visual cue that the word was a proper noun wasn't there—you'd think that someone named guy (*sic*) would know this.
- The first step in launching a company is not to fire up Word, PowerPoint, or Excel. There's a time for using these applications, but it's not now. Instead, your next step is to build a prototype of your product and get it to customers.
- I call this, "Don't worry, be crappy"—inspired by Bobby McFerrin's song "Don't Worry, Be Happy." Eric Ries, author of *The Lean Startup*, calls this the minimum viable product (MVP). Ries explains the MVP concept in this way:
- **TAKE THE OPPOSITE TEST.** Most companies use the same terms to describe their product. It's as if they all believe that their customers have never heard a product described as "high quality," "robust," "easy to use," "fast," or "safe." To see what I mean, apply the Opposite Test: Do you describe your offering in a way that is opposite to that of your competition? If you do, then you're saying something different. If you don't, then your positioning is useless.
- The implication of these profiles is to direct your marketing efforts at innovators, then move on to early adopters, then early majority, and then late adopters ("crossing the chasm"). Eventually you sell to the laggards too. Each profile provides the reference base to succeed in the next profile—for example, innovators help persuade early adopters to take the leap.

- There's no other way to put this: crossing the chasm requires sucking up, because innovators and early adopters are often bloggers, journalists, and other "experts." They expect you to curry favors. This is how to suck up:
- **BE REALISTIC.** It's much easier to help entrepreneurs if they have a great product. People want to be affiliated with products that are innovative, hip, and cool. The amount of sucking up you have to do is inversely related to product quality.
- **SHOW EMPATHY.** Who can resist a play on emotion? "Please help us. . . . We're just a little startup trying to make a go of it." Actually, I'll tell you who can resist this: buttheads who aren't worth sucking up to. The empathy approach usually works on me.
- **EMPHASIZE UTILITY.** The best suck-ups are mutually beneficial. You are not only getting something; you are also giving something. Or, if you're not in a position to give something right away, you promise to do so in the future.
- **PAY IT FORWARD.** According to social-psychology expert [Robert Cialdini](#), if someone does something for you, you're obligated to do something in return. Therefore, one strategy is to do things indiscriminately for people and rack up points on the karmic scoreboard for later.
- **GO EASY ON THE FLATTERY.** You might think that this is the most important element in a suck-up, but most of the people you're sucking up to are frequently flattered (deservedly or not). Therefore, flattery isn't always effective. One sentence at the beginning of an e-mail is enough: "I learned a lot by reading *The Art of the Start*." Then focus on good reasons why the person should help you.
- This type of introduction (even a serious version of it) doesn't work because it focuses on information (and fails even to deliver that). People want more than information. They are up to their eyeballs in information. They want *faith*—faith in you, your product, your success, and in the story you tell. Faith, not facts, moves mountains.
- **PERSONAL STORIES.** Epic is not necessary; illustrative is enough. For example, "My father owned a Cadillac, and he drove it 150,000 miles without major problems" versus "This car will last you a long time." Or, "I gave my teenage son an Android phone, and he told me he liked it better than his iPhone" versus "Android phones are good." Or, "My girlfriend wanted to sell her Pez dispensers online" versus "I wanted to create a perfect market." (This is the story that Pierre Omidyar uses to explain the genesis of eBay.)
- [AddThis](#) and [ShareThis](#) are two services that you can use for this.
- For example, Beech-Nut made a dramatic statement when it created a 100 percent natural line of baby food that contained no additives. This project started when Beech-Nut employees visited ten homes to watch how moms made food for their babies.
- His idea is to get your team together and pretend that your product has failed. That's right: failed, cratered, imploded, or "went aloha oe," as we say in Hawaii. You ask the team to come up with all the reasons why the failure occurred. Then each member has to state one reason until every reason is on a list. The next step is to figure out ways to prevent every reason from occurring.
- Exercise: Write a list of at least ten factors that could kill your launch. How many can you eliminate?

Chapter 3:

- Above all, leaders cannot have a bad day. No matter how scared and depressed you are, you cannot show fear, uncertainty, or doubt. You must exude optimism every day.
- When you have episodes of pessimism and doubt, discuss your issues with your spouse, your colleagues outside the startup, a board member who is your confidant, or, if all else fails, your mother. But don't do this with employees. They must always believe that you believe.
- **REWARD THE ACHIEVERS.** The people you reward in a startup are the ones who deliver. You can use options, money, public praise, days off, or free lunches—it doesn't matter. What does matter is that you recognize achievers, not the people who are along for the ride.
- **"The CEO decides 'what,' while the Morpheus asks 'what could go wrong?'"**
- A background as a consultant, auditor, banker, journalist, or analyst is a bad idea because advising and analyzing are easy, but implementing is hard. The single best question to determine if a person's background is adequate is "Have you ever fired or laid off someone?" If the answer is no, keep looking.
- A Morpheus and a devil's advocate are not the same thing. A Morpheus tells you the truth—good or bad. A devil's advocate tells you what's bad even if he doesn't believe it himself. The existence of this role is a positive statement because it shows that criticism is acceptable and that management is open to contrarian perspectives. Also, a devil's advocate fosters internal communication because he becomes a person that disenchanted employees can contact.
- Steve Jobs had a saying that A players hire A players, B players hire C players, and C players hire D players. Using his logic, it doesn't take long to get to Z players, and then you wind up with what's called the Bozo Explosion.
- I've refined Steve's concept to "A players hire A+ players." If there is one thing a CEO must do, it's hire managers that are better than she is. If there is one thing managers must do, it's hire employees who are better than they are. For this to happen, the CEO (and management team) must possess three qualities:
 - The humility to admit that people can perform a function better than they can.
 - The ability to discern which people are A+ or A players.
 - The self-confidence to recruit these "better than me" people.
- Many entrepreneurs don't realize this, but startups need three kinds of A+ players depending on the stage of the organization:
 - Kamikazes who are willing to work eighty hours a week to launch.
 - Implementers who come in after the kamikazes and create infrastructure.
 - Operators who are happy to run an ongoing system.
- Thus, great hires should not only be better than the CEO and management team; they should also differ from them. Startups need people with diverse skills that complement, not overlap, each other.
- If you're an engineer, imagine a startup filled with engineers who are not as good as you. This guarantees crappy products. Imagine a startup where the CEO is a better

salesperson than the vice president of sales, a better marketing person than the vice president of marketing, and a better finance person than the chief financial officer. This guarantees mediocrity.

- Then what? The answer is not to pray for funding so that you can hire proven players. This will take too long, and management usually precedes funding, as opposed to catalyzing it. The answer is that you hire minimum viable people (MVPs!) who can do the job that needs doing.
- The concept is the same as Eric Ries's "MVP" (minimum viable product). If you wait until you have the perfect product or person, it may be too late. So you hire minimum viable people, and much like improving your minimum viable product, you improve your minimum viable employee.
- Think about this: no one came out of the womb as an A or A+ player. Everyone started somewhere, so grow your own. Consider who began their careers as interns:
- This means you start reviews by saying, "I could have provided you with better management." People who adopt this self-criticism strategy will improve as managers because they take responsibility for lousy outcomes. Just as important, they will inspire employees to improve too, because of the good example that they set. Note: the word is "inspire," not "scare."
- You should reverse this outlook, and judge yourself by what you've accomplished and judge others by what they intended. This means you are harsher on yourself than on others. Over the long run, you cannot continue to judge people by their intentions if they consistently produce lousy results, and in that case you need to acknowledge that you made a hiring or training mistake.
- **"Never ask people to do something that you wouldn't do."**
- One win can seem to overcome the pain of a hundred losses, so celebrating the incremental successes of an organization is a powerful way to motivate employees—particularly if you emphasize team wins rather than individual ones.
- According to Michael Lopp, author of *Managing Humans: Biting and Humorous Tales of a Software Engineering Manager*, the three most important words during the recruitment process are "We want you." This means that it's your job to remind candidates that your startup wants them and that they are the best people for the job.

Chapter 4:

- Seth Godin, the author of *The Bootstrapper's Bible: How to Start and Build a Business with a Great Idea and (Almost) No Money*, makes a strong case for positioning against the market leader as a bootstrapping technique. Rather than trying to launch your product from the ground up, you utilize the existing brand awareness of the competition. Consider these examples of how you can do it:
 - Lexus: "As good as a Mercedes or BMW, but 30 percent cheaper"
 - Southwest Airlines: "As cheap as driving" 7UP: "The Uncola"
 - Avis: "We try harder" (than Hertz)

- **“By spending millions of dollars and years of effort to establish its brand, your competition has done you a terrific favor.”**
- Positioning against the leaders or standard ways of doing business can save lots of marketing, PR, promotion, and advertising dollars, so pick the gold standard in your industry and identify an important point of differentiation in your own product, such as:
 - Cost
 - Ease of use
 - Convenience
 - Industrial design
 - Reliability
 - Speed/performance
 - Range of selection
 - Customer service
 - Geographic location

Chapter 6:

- The large size of the font and the paucity of text is because slides are to lead, not read. They should paraphrase and anchor what's coming out of your mouth. Because people can read faster than you talk, if you put too much detail on the slide, the audience will read ahead of you and not listen to what you're saying.

Chapter 7:

- **CHECK REFERENCES EARLY.** Many organizations check the references of candidates they've already decided to hire. This is a setup for a self-fulfilling prophecy because at that point you want to hear comments that affirm your decision. Big mistake. You should use reference checking as a means to decide whether the candidate is good, and not as a confirmation of a choice that you've already made. (More tips on reference checking are at the end of this chapter.)
- **USE LINKEDIN.** Candidates will provide references who will say good things about them (although you may be surprised), but you can use LinkedIn to find people who worked for companies at the same time. This can provide more of a 360- degree view of the candidate.

Lie	Truth
"I've got three other offers, so you'd better move quickly."	I've had three other interviews, and no one has flat out rejected me yet.
"I was responsible for my company's strategic alliance with Google."	I picked up the FedEx envelope from Google.
"I'm leaving my current organization after only a few months because the organization isn't what the CEO told me it was."	I don't know how to do due diligence.
"I've never been with a company for more than a year because I get bored easily."	It takes people about a year to figure out that I'm a bozo.
"I didn't really report to anyone at my old company."	No one wanted me in her department.
"Most of my references are personal friends because they know me best."	No one I worked for is willing to give me a reference.
"You've never heard of my last three employers because they were in stealth mode."	All the companies I worked for imploded.
"I'm no longer with the organization, but I maintain an excellent relationship with people there."	I was forced to sign a nondisparagement agreement to get my severance package.
"I am a vice president, but no one reports to me."	I've been put out to pasture.
"I'm expecting to at least double my prior compensation package."	I was overpaid and understand that I may have to take a cut for a good opportunity.

-
- No matter what your intuition and a double check of your intuition tells you, I'm telling you to only hire people that you'd hustle over to and engage in a conversation. If you find yourself picking option 2 or 3, don't make the hire. Life is too short to work with people you don't like— especially in a startup.
- The goal of referencing is not to disqualify a candidate but to look for consistency in how the candidate represented himself and what his references have to say. You are also looking for clues about whether the candidate can be effective at your startup.
- In order to get a complete picture of a candidate, you should speak with at least two subordinates, two peers, two superiors, and two customers. Investors or board members of his current company are also interesting references. These are suggested questions:
 - How do you know this person? How long have you known him?
 - Is he capable of functioning effectively in a small organization?
- No. If you're asked, respond by saying, "We will pay what it takes to get a great candidate." Then ask, "What is your current salary level so we know where to start?" This will teach them to ask tough questions.
- The beginning of the interview process is too early to start mentioning numbers. Candidates will remember what you said— especially the top end of the range. And whatever number you do throw out could affect the candidates' answers in the interviews.

Chapter 9:

- **BUFFER, SPROUT SOCIAL, AND HOOTSUITE.** All three provide calendaring functionality that's oriented toward sharing posts. Buffer is a scheduling-only platform, so you can't respond to comments with it. Sprout Social and Hootsuite allow you to schedule and monitor your social media as well as comment and respond. (Disclosure: I advise Buffer.)
- • **BE SLY.** Posts that are titled "How to . . .," "Top Ten . . .," and "The Ultimate . . ." are difficult to ignore. Something about these words says (at least to me), "This is going to be practical and useful." The folks at [Twelveskip](#) compiled [a list of more than a hundred great titles](#), so be sly and use it.
 - "How to Rock . . ."
 - "Quick Guide: . . ."
 - "A Complete Guide to . . ."
 - "Questions You Should Ask Before . . ."
 - "Rules for . . ."
 - "Essential Steps to . . ."
 - "Most Popular Ways to . . ."
 - "Tips for Busy . . ."
 - "Tactics to . . ."
 - "What No One Tells You About . . ."
- **LikeAlyzer** is useful to check your Facebook pages and to tweak the content, types of posts, and when you're sharing.
- For Twitter, you can use a service such as [SocialBro](#) to get reports on who follows you, to find new people to follow, and to determine how your content is doing. You can also get similar reports in [Sprout Social](#) and [Hootsuite](#).
- **BUFFER.** This schedules posts for Google+ pages, Facebook pages and profiles, LinkedIn, and Twitter. It enables you to add posts at a specific time or to put them in a queue. Team management and analytics are available in the "Buffer for Business" plan. Buffer suggests stories to share, and it's the prettiest of the services.
- **POST PLANNER.** Although Post Planner only works with Facebook, it also provides stories to share and suggests when to share too. With easy access from an app inside Facebook, you can find viral photos and trending content for story ideas. You can also add feeds for blogs that you like and share from Post Planner. It's a great service for managers of Facebook pages.
- **TWEETDECK.** This is a stand-alone application to monitor activity and schedule tweets. It has a columnar orientation that displays search results. For example, you can create a column for "@mentions" (an @mention is when people tweet the "@" symbol and your name) and another column for @mentions of your competition. The next time you go to a tech conference, look at how people are monitoring Twitter, and you'll see that most are using TweetDeck.

- Now we come to the not generally accepted stuff. I share a total of fifty posts per day via my accounts on Google+, Facebook, Twitter, LinkedIn, and Ello. Many of these posts are exact repeats of previous ones.
- This is an IQ test: Would you rather have 1,300 clicks or 7,600? Would you rather risk complaints about repeated tweets and threats of unfollowing your accounts or achieve 5.8 times more clicks? I choose the latter every day of the year.
- Many services can, however, monitor mentions and text in comments, including [Commun.it](#), [Google Alerts](#), [Hootsuite](#), [Social Mention](#), [SocialBro](#), [Sprout Social](#), and [Viralheat](#). And, as mentioned before, [TweetDeck](#) is a great application for monitoring @mentions and search terms.

Chapter 10:

- **SET GOALS FOR ACCOUNTS.** These goals include when you expect them to decide and how much each sale will yield on a weekly, monthly, and quarterly basis. Good rainmakers are of a different breed: they need goals, and they need to be measured. You don't tell them to "go out there and do the best you can."

Chapter 12:

- **CONFERENCES.** You know your product has arrived when you're big enough to hold a conference for it. And when you hold a conference for your product, it helps you grow big because people believe that only products that have achieved critical mass can pull off a conference.
- Taking care of your friends by providing awesome customer support can make your startup endure, because people will stick by products that aren't the latest and greatest if they're well supported. For example, the reason Derek Sivers believes that his company, CD Baby, succeeded is not because of its features, design, prices, or partnerships. He says the [number one reason was the quality of customer support](#)—especially that customers could talk to a real person at CD Baby.
- Here are the key elements of awesome customer support:
- **• BE GENEROUS AND TRUSTING.** Great customer support, according to Sivers, comes from a mind-set of generosity and abundance, and lousy customer support comes from a mind-set of scarcity. The ramification of a generosity and abundance mind-set is that you provide human telephone support, allow people to use your restroom without a purchase, and provide free Wi-Fi access.
- No doubt a bean counter will tell you that if every customer called for technical support, if everyone used your bathroom, and if everyone with a broken product got a free replacement, you'd go out of business. This is probably true if, literally, everyone did, but everyone will not. So be generous with your customer support and see if the upside of an awesome reputation can exceed the downside of higher customer-support costs.
- **• PUT THE CUSTOMER IN CONTROL.** Have you ever shopped at Nordstrom? If you want to learn how to provide great support, you should. When you shop at Nordstrom, you are in control: you can buy items at any department in the store and pay for them in

any other department. When you want something gift wrapped, they don't send you to a line behind the men's room. They wrap it, always cheerfully, at the sales counter.

- Most companies have rules against refunds and exchanges, sending out free samples, or accepting collect calls. The right way to treat customers is to do what's right for them, not adhere to rules, so put your customers in control and let your employees do the right thing.
- **TAKE RESPONSIBILITY FOR YOUR SHORTCOMINGS.** Bad support refuses to take responsibility for a company's shortcomings. Good support takes responsibility for a company's shortcomings. Fantastic support takes responsibility for the customer's shortcomings.
- **• UNDERPROMISE AND OVERDELIVER.** If you get to a Disney park a few minutes before it officially opens, the employees let you in instead of making you wait. Disney's official age policy is that children over three years old must pay for admission, but they never ask how old your small children are.
- There are signs that tell you how much longer it will take you to get to the ride, but the times are overestimated to make you feel that the wait wasn't so bad. Disney says it does not offer rain checks in the event of bad weather, but if you ask, they give them to you. Disney has policy and Disney has implementation. Implementation supersedes policy and delights the customer. Underpromise and overdeliver for great support.
- Empathy. Support people should feel pain when customers are not satisfied. Unresolved support issues should bother them. This is the most important quality of people for the job.

Chapter 13:

- **People are always asking me for my expert advice, but it's interfering with my ability to get my job done. What should I do?**
- I face this challenge every day, and I've come up with two solutions. Sometimes I explain that I don't have the time to help because of my commitments (professional and family), and because most people are amazed that I responded at all, they are understanding.
- Sometimes I tell them that I'll review their pitch or business plan (this is what most people ask about) if they will donate \$500 to the UC Berkeley ice hockey team, for which my son plays. This works well: the entrepreneurs who are willing to pay are really serious, and the team gets donations.
- **Recommended Reading**
- Halberstam, Joshua. *Everyday Ethics: Inspired Solutions to Real-Life Dilemmas*. New York: Viking, 1993.

After Afterword:

- **MISTAKE: FORM PARTNERSHIPS.** Entrepreneurs love to use the *P* word—"partnership"—especially when they can't use the *S* word—"sales." Unless a

partnership enables you to alter your spreadsheet, it's bullshiitake. Most partnerships are a PR exercise and a waste of time.

- **FIX: FOCUS ON SALES.** Instead of spinning your wheels with partnerships, focus on sales. Tattoo this on your forearm: "Sales fix everything." If a picture is worth a thousand words, a sale is worth a thousand partnerships. The longest you can stall using the *P* word is six to twelve months. Then you'll hear the *F* word: "fired."
- **FIX: OBEY THE 10/20/30 RULE.** The optimal number of slides is ten. You should be able to give your presentation in twenty minutes. The ideal font size is thirty points. Even better, try to get away from slides and do a demo . . . which is another reason you need a prototype.
- If you'd like to see me in action, I've given a speech about this topic for the Haas School of Business that's [on YouTube](#). I'm a funny guy—not Jackie Chan funny, but funny enough. And one of my life goals is that someday a teenage girl asks Jackie Chan if he's Guy Kawasaki.