

The 100 Rules for Being an Entrepreneur

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If you Google “entrepreneur” you get a lot of mindless cliches like “Think Big!” For me, being an “entrepreneur” doesn’t mean starting the next “Facebook”. Or even starting any business at all. It means finding the challenges you have in your life, and determining creative ways to overcome those challenges. However, in this post I focus mostly on the issues that come up when you first start your company. These rules also apply if you are taking an entrepreneurial stance within a much larger company (which all employees should do).

For me, I’ve started several businesses. As I’ve described in the rest of this blog, some have succeeded, many have failed. I’m invested in about 13 private companies. I’ve advised probably another 50 private companies. Along the way I’ve compiled a list of rules that have helped me deal with every aspect of being an entrepreneur in business and some in life.

Here’re the real rules:

A) **It’s not fun.** I’m not going to explain why it’s not fun. These are rules. Not theories. I don’t need to prove them. But there’s a strong chance you can hate yourself throughout the process of being an entrepreneur. Keep sharp objects and pills away during your worst moments. And you will have them. If you are an entrepreneur and agree with me, please note this in the comments below.

B) **Try not to hire people.** You’ll have to hire people to expand your business. But it’s a good discipline to really question if you need each and every hire.

C) **Get a customer.** This seems obvious. But it’s not. Get a customer before you start your business, if you can. (see, [“the Easiest Way to Succeed as an Entrepreneur”](#))

CA) [Follow me](#) on Twitter.

D) **If you are offering a service, call it a product.** Oracle did it. They claimed they had a database. But if you “bought” their database they would send in a team of consultants to help you “install” the database to fit your needs. In other

words, for the first several years of their existence, they claimed to have a product but they really were a consulting company. Don't forget this story. Products are valued higher than services.

E) **It's OK to fail.** Start over. Hopefully before you run out of money. Hopefully before you take in investor money. Or, don't worry about it. Come up with new ideas. Start over.

F) **Be profitable.** Try to be profitable immediately. This seems obvious but it isn't. Try not to raise money. That money is expensive.

G) **When raising money:** if it's not easy then your idea is probably incapable of raising money. If its easy, then take as much as possible. If its TOO easy, then sell your company (unless you are Twitter, etc).

H) **The same goes for selling your company.** If it's not easy, then you need to build more. Then sell. To sell your company, start getting in front of your acquirers a year in advance. Send them monthly updates describing your progress. Then, when they need a company like yours, your company is the first one that comes to mind.

I) **Competition is good.** It turns you into a killer. It helps you judge progress. It shows that other people value the space you are in. Your competitors are also your potential acquirors.

J) **Don't use a PR firm.** Except maybe as a secretary. You are the PR for your company. You are your companys brand. You personally.

K) **Communicate** with everyone. Employees. Customers. Investors. All the time. Every day.

L) **Do everything** for your customers. This is very important. Get them girlfriends or boyfriends. Speak at their charities. Visit their parents for Thanksgiving. Help them find other firms to meet their needs. Even introduce them to your competitors if you think a competitor can help them or if you think you are about to be fired. Always think first, "What's going to make my customer happy?"

M) **Your customer is not a company.** There's a human there. What will make my human customer happy? Make him laugh. You want your customer to be happy.

N) **Show up.** Go to breakfast/lunch/dinner with customers. Treat.

O) **History.** Know the history of your customers in every way. Company history,

personal history, marketing history, investing history, etc.

P) **Micro-manage** software development. Nobody knows your product better than you do. If you aren't a technical person, learn how to be very specific in your product specification so that your programmers can't say: "well you didn't say that!"

Q) **Hire local**. You need to be able to see and talk to your programmers. Don't outsource to India. [I love India](#). But I won't hire programmers from there while I'm living in the US.

R) **Sleep**. Don't buy into the 20 hours a day entrepreneur myth. You need to sleep 8 hours a day to have a focused mind.

S) **Exercise**. Same as above. If you are unhealthy, your product will be unhealthy.

T) **Emotionally Fit**. DON'T have dating problems and software development problems at the same time. VCs will smell this all over you.

U) **Pray**. You need to. Be grateful where you are. And pray for success. You deserve it. Pray for the success of your customers. Heck, pray for the success of your competitors. The better they do, it means the market is getting bigger. And if one of them breaks out, they can buy you.

V) **Buy your employees gifts**. Massages. Tickets. Whatever. I always imagined that at the end of each day my young, lesbian employees (for some reason, most employees at my first company were lesbian) would be calling their parents and their mom and dad would ask them: "Hi honey! How was your day today?" And I wanted them to be able to say: "It was the best!" Invite customers to masseuse day.

W) **Treat your employees like they are your children**. They need boundaries. They need to be told "no!" sometimes. And sometimes you need to hit them in the face (ha ha, just kidding). But within boundaries, let them play.

X) **Don't be greedy** pricing your product. If your product is good and you price it cheap, people will buy. Then you can price upgrades, future products, and future services more expensive. Which goes along with the next rule.

Y) **Distribution** is everything. Branding is everything. Get your name out there, whatever it takes. The best distribution is of course word of mouth, which is why your initial pricing doesn't matter.

YA) [Follow me](#) on Twitter.

Z) **Don't kill yourself.** It's not worth it. Your employees need you. Your children or future children need you. It seems odd to include this in a post about entrepreneurship but we're also taking about keeping it real. Most books or "rules" for entrepreneurs talk about things like "think big", "go after your dreams". But often dreams turn into nightmares. I'll repeat it again. Don't kill yourself. Call me if things get too stressful. Or more importantly, make sure you take proper medication

AA) **Give employees structure.** Let each employee know how his or her path to success can be achieved. All of them will either leave you or replace you eventually. That's OK. Give them the guidelines how that might happen. Tell them how they can get rich by working for you.

BB) **Fire employees immediately.** If an employee gets "the disease" he needs to be fired. If they ask for more money all the time. If they bad mouth you to other employees. If you even think they are talking behind your back, fire them. The disease has no cure. And it's very contagious. Show no mercy. Show the employee the door. There are no second chances because the disease is incurable.

CC) **Make friends with your landlord.** If you ever have to sell your company, believe it or not, you are going to need his signature (because there's going to be a new lease owner)

DD) **Only move offices** if you are so packed in that employees are sharing desks and there's no room for people to walk.

EE) **Have killer parties.** But use your personal money. Not company money. Invite employees, customers, and investors. It's not the worst thing in the world to also invite off duty prostitutes or models.

FF) **If an employee comes to you crying,** close the door or take him or her out of the building. Sit with him until it stops. Listen to what he has to say. If someone is crying then there's been a major communication breakdown somewhere in the company. Listen to what it is and fix it. Don't get angry at the culprit's. Just fix the problem.

GG) **At Christmas,** donate money to every customer's favorite charity. But not for investors or employees.

HH) **Have lunch** with your competitors. Listen and try not to talk. One competitor (Bill Markel from Interactive 8) once told me a story about how the CEO of Toys R Us returned his call. He was telling me this because I never returned Bill's calls. Ok, Bill, lesson noted.

II) **Ask advice a lot.** Ask your customers advice on how you can be introduced into other parts of their company. Then they will help you. Because of the next rule...

JJ) **Hire your customers.** Or not. But always leave open the possibility. Let it always dangle in the air between you and them. They can get rich with you. Maybe. Possibly. If they play along. So play.

KK) **On any demo or delivery,** do one extra surprise thing that was not expected. Always add bells and whistles that the customer didn't pay for.

LL) **Understand the demographic** changes that are changing the world. Where are marketing dollars flowing and can you be in the middle. What services do aging baby boomers need? Is the world running out of clean water? Are newspapers going to survive? Etc. Etc. Read every day to understand what is going on.

LLa) **Don't go to a lot of parties** or "meetups" with other entrepreneurs. Work instead while they are partying.

MM) **But,** going along with the above rule, don't listen to the doom and gloomers that are hogging the TV screen trying to tell you the world is over. They just want you to be scared so they can scoop up all the money.

NN) **You have no more free time.** In your free time you are thinking of new ideas for customers, new ideas for services to offer, new products.

OO) **You have no more free time, part 2.** In your free time, think of ideas for potential customers. Then send them emails: "I have 10 ideas for you. Would really like to show them to you. I think you will be blown away. Here's five of them right now."

OOa) **Depressions,** recessions, don't matter. There's \$15 trillion in the economy. You're allowed a piece of it:

PP) **Talk.** Tell everyone you ever knew what your company does. Your friends will help you find clients.

QQ) **Always take someone with you to a meeting.** You're bad at following up. Because you have no free time. So, if you have another employee. Let them follow up. Plus, they will like to spend time with the boss. You're going to be a mentor.

RR) **If you are consumer focused:** your advertisers are your customers. But always be thinking of new services for your consumers. Each new service has to

make their life better. People's lives are better if: they become healthier, richer, or have more sex. "Health" can be broadly defined.

SS) **If your customers are advertisers:** find sponsorship opportunities for them that drive customers straight into their arms. These are the most lucrative ad deals (see rule above). Ad inventory is a horrible business model. Sponsorships are better. Then you are talking to your customer.

TT) **No friction.** The harder it is for a consumer to sign up, the less consumers you will have. No confirmation emails, sign up forms, etc. The easier the better.

TTA) **No fiction, part 2.** If you are making a website, have as much content as you can on the front page. You don't want people to have to click to a second or third page if you can avoid it. Stuff that first page with content. You aren't Google. ([And, 10 Unusual Things You Didn't Know About Google](#))

UU) **No friction, part 3.** Say "yes" to any opportunity that gets you in a room with a big decision maker. Doesn't matter if it costs you money.

VV) **Sell your company** two years before you sell it. Get in the offices of the potential buyers of your company and start updating them on your progress every month. Ask their advice on a regular basis in the guise of just an "industry catch-up"

WW) **If you sell your company** for stock, sell the stock as soon as you can. If you are selling your company for stock it means:

- a. The market is such that lots of companies are being sold for stock.
- b. AND, companies are using stock to buy other companies because they value their stock less than they value cash.
- c. WHICH MEANS, that when everyone's lockup period ends, EVERYONE will be selling stock across the country. So sell yours first.

XX) **Ideas are worthless.** If you have an idea worth pursuing, then just make it. You can build any website for cheap. Hire a programmer and make a demo. Get at least one person to sign up and use your service. If you want to make Facebook pages for plumbers, find one plumber who will give you \$10 to make his Facebook page. Just do it.

YY) **Don't use a PR firm, part II.** Set up a blog. Tell your personal stories (see "[33 tips to being a better writer](#)"). Let the customer know you are human, approachable, and have a real vision as to why they need to use you. Become the voice for your industry, the advocate for your products. If you make skin care products, tell your customers every day how they can be even more beautiful than they currently are and have more sex than they are currently getting. Blog

your way to PR success. Be honest and bloody.

ZZ) **Don't save the world.** If your product sounds too good to be true, then you are a liar.

ZZa) Your company is always for sale.

AAA) **Frame** the first check. I'm staring at mine right now.

BBB) **No free time, part 3.** Pick a random customer. Find five ideas for them that have nothing to do with your business. Call them and say, "I've been thinking about you. Have you tried this?"

CCC) **No resale deals.** Nobody cares about reselling your service. Those are always bad deals.

DDD) **Your lawyer** or accountant is not going to introduce you to any of their other clients. Those meetings are always a waste of time.

EEE) **Celebrate** every success. Your employees need it. They need a massage also. Get a professional masseuse in every Friday afternoon. Nobody leaves a job where there is a masseuse.

FFF) **Sell** your first company. Don't take any chances. You don't need to be Mark Zuckerberg. Sell your first company as quick as you can. You now have money in the bank and a notch on your belt. Make a billion on your next company.

GGG) **Pay** your employees before you pay yourself.

HHH) **Give equity** to get the first customer. If you have no product yet and no money, then give equity to a good partner in exchange for them being a paying customer. Note: don't blindly give equity. If you develop a product that someone asked for, don't give them equity. Sell it to them. But if you want to get a big distribution partner whose funds can keep you going forever, then give equity to nail the deal.

III) **Don't worry** about anyone stealing your ideas. Ideas are worthless anyway. It's OK to steal something that's worthless.