ACCELERATION

CHAPTER 3:

ACCELERATION

If you've made it this far into the text, congratulations! This chapter marks a turning point in our conversation about startups, where we can begin to move from speaking conceptually about forming a startup to speaking both abstractly and technically about what happens once you're already launched.

As we're sure you've figured out at this point, the phase of building a platform and launching your startup comes with a great deal of challenges. Well, beginning to gain acceleration for your company is also going to be difficult - but in a very different way. Now that you've developed a firm idea of your product, your user base, your intended demographic and your company financing, your main challenge is going to be continuing to gain speed, to accelerate.

Anyone who's ever engaged in any sort of distance running has probably heard the old adage below, and we find that it applies well to the concept of starting a company, as well:

"In order to maintain pace, you need to increase effort."

You've now reached the point where you have many of the raw materials necessary to take your business into launch. Ideally, at this point you will have established a solid company financing plan, made your first few personnel decisions and decided where you'll actually be working (remember - there's nothing wrong with starting in a garage). You've poured countless hours of effort into getting this far, but the work is just starting. Luckily for you, the fun is just starting, as well.

As you begin to bring your company towards an acceleration phase, there are going to be three main starting points for you to

focus on. First and foremost, you're going to need to gain traction. While this might sound broad and undefined, it isn't. Gaining traction is where your marketing truly begins, as well as where you begin to take a keen look at your operational costs and how they affect the sustainability of your business in the long and short term. This is also where you take the time to once more reevaluate your market strategy and determine any changes that you need to make before you truly begin with gaining clients and establishing relationships.

The second primary concept that we're going to focus on in our acceleration chapter is gathering advisors. This can be one of the most enjoyable aspects of starting your company, as it comes with a great deal of opportunity for social interaction, collaboration and innovation. With all that said, it's also a process that you need to explore extremely carefully. A good advisor can be your biggest asset, while a bad one can do more harm than you may realize at this early stage of your company. We'll get into some of our experiences, as well as what we've found are the right qualities to look for in an individual when selecting advisors. Beyond that, we'll also discuss the technical implications of what an advisor should receive in terms of compensation or equity.

The third and final concept that we're going to discuss in terms of company acceleration will be leading your team. Much like the process of selecting advisors, this is something that needs to be approached both prudently and actively, and a process that (for better or for worse) never ends. As long as you're involved with this startup, you can expect that team leadership is going to have to be one of your most primary focuses. This is especially true if you're coming at the company launch process as an entrepreneur, but will also hold true for our other two primary subcategories: investors and technologists. Here, we'll discuss not only the intangible aspects of leadership, but also several tools that you can use to ease communication across technical channels and stay in the loop 24/7.

Congratulations again on making it this far. Really, we're excited for you. Let's dive right into it, we've got a lot to discuss in Chapter 3.

"So, how do we gain traction?"

Let's paint a picture of where you're sitting right now (or, at least, the archetypal seat a few startup founders might find themselves in at this point:

> It's 10:30 in the morning on a Tuesday, and you're sitting in a small room that you've rented in an incubator for a modest sum of your initial capital. The space is paid for, you've brought in the computers, bought enough coffee to kill a small elephant and arranged your seating in a way you find conducive to productivity.
>
> At 10:31 AM that same day, you're likely already wondering what to do.

Now, this is ok, and there's no need to panic, but it's important to notice that at this point, time is your most valuable commodity. That's why you need to begin asking yourself, right now, the italicized question above. How do you gain traction?

Well, there are many answers to this question, but perhaps none as immediately valuable as taking a good hard look at your

company's marketing strategy.

Think about it: for the rest of the time that you're with this company, marketing is going to be pivotal to establishing a healthy revenue cycle. Marketing is how you bring people to be aware of your company, how you bring in new client and - to some extent - how you retain existing ones.

Ideally, at this point, you've already established a few clients to begin your business with. If you haven't that's ok - although not ideal. One of the rough truths about starting any business is that the best way to bring in new clients is through clients that you already have. If you provide a good service, your clients are going to be inclined to tell peers in their fields about you, and organic customer acquisition can begin that way.

With that said, we recognize that many startups don't have clients (or at least not many) by the time they're setting up their first office, so it's important that we have this discussion assuming a client base of zero or very few. Since you're trying to gain traction to something from nothing, here, you may be inclined to go out and hire a marketing ace to build your brand. This is never a bad idea, but, in the spirit of keeping operational costs as low as possible, we're going to outline three basic ways you can begin a marketing campaign to gain meaningful traction with very little overhead and - ideally - no additional staff.

1) CONTENT MARKETING

For a fair amount of people in the digital space, 'content marketing' is a dirty phrase. This is understandable, as there are a lot of hacks out there who call themselves content marketers.

Don't let this dissuade you from developing a content marketing strategy early on in your business; when done correctly, the return on a very small investment can be extremely considerable.

While there are many ways to go about content marketing, the basic idea behind the concept is that you (or another party affiliated with your company) generates well-written and well designed content that can be distributed through a variety of channels to bring attention to your business. This might include articles regarding the state of your industry as a whole, press releases about your business specifically, videos about you and your cofounders vision for the company or even eBooks.

Now, if you choose to develop this content in-house, good for you, you're going to save a fair amount of money. With that said, there are a few things that you're going to need to watch out for, as well. First and foremost, you're going to need to be careful with advertorial marketing. Advertorial marketing - for those unfamiliar with the term - is a piece of marketing material framed as an editorial that is actually an advertisement. Now, there's nothing wrong with this when executed properly. With that said, if the editorial that you're writing is blatantly an advertisement - you're really just going to piss a lot of people off. Advertorial marketing should be 90% storytelling and 10% sales pitch.

A good example is the advertorial marketing that is generated by Destination Melbourne, an experiential marketing agency that works predominantly in building tourism brands by encouraging individuals to visit a given area.

As you can see, this advertorial is barely a sales pitch at all, and is much more a story. It tells the reader a great deal about the

Australian Open, and encourages them to attend for a plethora of appealing reasons, but provides only a small URL in the bottom left hand corner in terms of actual sales information. Believe it or not, this is a great deal more effective than simply hitting your audience over the head with the fact that you have something to sell.

The other thing to watch out for when going about content marketing is overestimating your own skill. As we said earlier, you don't necessarily need to onboard a marketing guy in order to develop strong content marketing, but you also need to be honest with yourself. If you took one English class in undergrad and have no design experience, you probably can't do this - it's a great deal harder than it looks.

For many young companies, the right call is taking time to establish a relationship with either a content generation firm or a freelancer. These individuals will work with you to develop a meaningful and effective content marketing strategy for much less than onboarding a new full-time employee would cost. However you choose to go about it, make sure that you have enough developed content to circulate over a long period of time without repeating yourself too frequently, which can also be a turnoff to potential clients.

2) SOCIAL MEDIA

Again, we fear that our readers will see this suggestion and write us off as discreditable when it comes to marketing strategy. Take heed of this: we know that it isn't 2006 and we understand that social media is absolutely saturated when it comes to marketing potential. With that in mind, the true state of things is that social media is a necessary evil when it comes to marketing a young company, and can actually help you gain a great deal of traction.

First and foremost, you need to make sure that you've developed well put together social media profiles for your business on at least the big three platforms: Facebook, Twitter and LinkedIn. Let's be totally honest with ourselves here, this will take you almost no time, and you're fully capable of doing it. Ensure that there's true continuity between all three profiles; you can't have one listing your title as founder and the other listing your title as CEO. While social media may seem like a silly way to establish credibility, you don't want someone getting the vibe off of your company's facebook page that they also get off one of those low-quality .img files we all get tagged in sometime advertising knock-off Ray-Bans. Right?

Pay particular attention to the differences between Facebook/Twitter and LinkedIn. Obviously they serve different purposes, so you're going to want to be sure that you build your profiles in this image. For example, Facebook and Twitter are going to be predominantly used by you to inform the world of potential customers or clients of your business and what's going on as you grow. With that in mind, this should be a little more lighthearted in its tone. Always optimistic, and always up to date. LinkedIn, on the other hand, will serve primarily as a platform for attracting talent or investors to your company, so this should be a bit more formal in its presentation. Make sense? Also, wherever you elect to post new content, make sure that you're routinely tracking its

performance with a tool like Google Analytics - easy to learn and extremely effective, Google Analytics is quickly becoming the standard in social media marketing analysis.

While Facebook, Twitter and LinkedIn will serve as a great means for distributing the content marketing materials that you may generate, there's another way to do this that frequently gets overlooked when discussing the umbrella of social media marketing: email campaigns.

Ok, we know - if you took issue with the social media headline, then hearing us suggest email campaigns may not be your cup of tea. But trust us, here, we've been through it, and email marketing can actually be a very effective method of acquiring new clients and gaining traction.

The trick, here, is to approach email marketing from a sales perspective. By that we mean, you need to consider what's known as the email marketing funnel. The basic premise of the funnel is that it moves from a wide top to a narrow output. The more that you put into the top of the funnel (the more emails that you send) the more that you can expect in terms of every level of response (opening, responding, engaging, conversion, etc.)

Email marketing campaigns are very low, but the fact that they even exist makes it worth a shot. While it may seem like an unfathomable amount of work to ensure that you're routinely delivering interesting marketing content (perhaps the material that you develop in your content marketing strategy) it doesn't have to be. Again, there are ways to go about this process effectively without having to onboard an email marketing specialist.

One tool that startups have had a great deal of success with is Mautic, a marketing automation software that provides email marketing capabilities in addition to lead conversion tools and contact management. Best of all, it's free, so it won't have any sort of negative effect on your bottom line.

3) GUERILLA MARKETING

Don't let the fact that we're listing this third make you think that it's worth any less than the first two examples. In fact, guerilla marketing can be absolutely invaluable when it comes to gaining meaningful traction within a young organization.

Now, some of you may not have heard the term guerilla marketing before, so let's go ahead and cite a working definition for the phrase:

> **Guerilla marketing:** innovative, unconventional and low-cost marketing techniques designed to obtain maximum exposure for a product or business.

Now, if you're reading that definition and thinking it sounds a lot like a memo stolen from a CutCo knives meeting, we can't blame you. The fact of the matter is, though, that guerilla marketing is always going to be deeply important when it comes to getting a startup off the ground, and this is particularly true in the technology sector.

Guerilla marketing - when applied to startups - is effectively the process of getting the word out about you, your cofounders, your company and your product by any means necessary. Since you likely don't have an enormous operational budget at this point, guerilla marketing is one of the most valuable things that you can do.

So, what exactly can you do to begin your guerilla marketing campaign? Well, the possibilities are more or less endless, but one of the best ways you can get involved with the process is to be social. If you're founding your company in a large or even moderately large city, then the odds are high that there are tech meetups all over the place. Take time to research where and when these events are happening, and go rub shoulders with other people in the industry. In addition to getting the word out about your company, this should also afford you the opportunity to learn from companies that have become more firmly established. Don't just sit in the back of the room, be active and speak with people at these meetups. Introduce yourself and actually get to know them, don't just be another schlub handing out business cards.

It's also worth noting here that meetups are one of the best ways to meet up and coming engineers with an interest in startups. As you move towards the time to make more involved personnel decisions, meetups can shift from being a great marketing tool to actually becoming a phenomenal way to source talent.

All in all, gaining traction through marketing is going to be at the core of establishing a successful beginning for your startup. Our next step, gathering advisors, is also going to be critically important to the success of your business.

"Do we even need advisors?"

Technically, no. You do not. With that said, you're a lot better off for having them. Just because you truly believe that you can go through the entirety of launching your company on your own doesn't mean that it won't be easier with an advisor. Besides, to look at it cynically, bringing advisors onboard your company can not only help you steer yourself in the right direction, it can actually reduce the amount of work that falls directly on your desk.

Of course, it would be a fallacy to read the above paragraph and think that gathering advisors for your startup is going to be an easy process. As has been the case with most of the concepts that we've already addressed in this text (and, for that matter, most of the ones that we will go on to address), gathering advisors should be approached with great caution. While a great advisor or two can make an unbelievably positive difference in starting your company, a bad one can set you back in ways you probably can't even fathom.

There's a whole world of concepts to discuss when it comes to the proper way to gather advisors but, for the sake of continuity, we're going to once again divide this section into three highly visible and very important aspects of the process.

Please keep in mind, as you work through this segment, that gathering advisors is one of the more subjective aspects of starting a business. What you look for in an advisor to your startup will vary greatly depending on your industry, size and target demographic. What we outline here is indicative of our experience alone, but we hope it will help guide you in your search process. Diving right in:

1) IDENTIFYING STRONG ADVISORY QUALITIES

The headline says more than you might think, here. You may find that the right time to select advisors is early on during your

pre-launch stage, or you may choose to wait until you've reached the acceleration phase. You may even choose to onboard advisors later. Whenever you choose to do it, however, one of the worst mistakes that you can make is not vetting the potential advisor for what we will call strong advisory qualities.

This might sound like a very obvious statement, but it really isn't. Think of it this way, when you reach the point of onboarding advisors, there's always going to be a temptation to bring on your friends or former colleagues, maybe even your family. This isn't necessarily the wrong thing to do, but it can steer you in a bad direction if you're basing your decisions more on nepotism than actual, demonstrable strong advisory qualities.

To illustrate what we mean, let's start with an extremely basic statement:

You need to look for positive individuals.

To keep it short and simple, the individuals that you decide to offer advisory power within your company have to be positive. If you've made it this far, then it should be second nature to you to understand that a great deal of conflict, pressure and work come along with starting a company. It simply isn't all fun and games (though a great deal of it can be). With this in mind, it's important that you select individuals who you know have a positive attitude, and who can consistently look at things through a lens that is both optimistic and realistic simultaneously.

Now, we aren't much for the whole corporate-conference-at-an-airport-hotel line of thinking, but there is one sentiment that gets frequently repeated in those seminars that we find to be true: leadership is having a good attitude in a bad situation. When you're bringing advisors into your company or vetting people for advisory roles, one of the best things you can do is show them the not so great parts of your business. If you're really struggling with one department or component of your business, don't hide it from a potential advisor until they've agreed to come aboard. Rather, use that problem as an opportunity to gauge their attitude in bad situations.

For example, we had one individual who worked with us near the very beginning of our startup who has since left the company. He's a great guy, and we've stayed in touch, but he didn't have the right attitude for the role. When we were hitting some speed bumps early on, his go to train of though was always to tear the whole thing down and cut our losses. Meanwhile, all we could think when we heard him say those things was

> ***"Well, that doesn't sound like a very good way to scale our company, now does it?"***

The problems that we were encountering that had that particular advisor running for the hills have been long since solved. Those problems have also been replaced with entirely new, equally challenging ones. The fact of the matter is that we're still here, and living out the dream of running our own company with a decent level of success. If we hadn't all had the foresight to mutually part ways with the relationship, our company might not have made it this far, or we'd all still be here and just in a bad mood. The bottom line is that negative attitudes have no place in startups, especially among individuals in advisory capacities.

Bad moods are contagious, particularly in the workplace, so you need to be careful to vet the demeanor of your potential advisors carefully before bringing them on.

Inversely, you need to watch out for 'yes men', as well, as they can be equally treacherous. There isn't necessarily a need to offer a personal anecdote here, as it might come off as redundant following the illustration of the effects that negative attitudes can have in a business. Speaking generally, though, if you bring on an advisor who is simply chomping at the bit for you and your cofounders to make any move that you can think of, you may have found someone who is more concerned with speed of scalability than sustainability of your business as a whole.

Now, this usually isn't the fault of the individual that you're considering as an advisor. Still, it should come across as a considerably large red flag if you realize that someone you're hoping to make an advisor is just agreeing with everyone that you say. Take the time in interviewing these individuals to make sure that they feel comfortable telling you when they disagree with a potential action you propose. If they aren't willing to tell you no, then they aren't an advisor. At that point, honestly, they're more like an overly compensatory step parent. It's a bit of a crude analogy, but it's accurate.

This leads us to perhaps the most important piece of advice we can give you when it comes to identifying strong advisory qualities: experience is always going to be worth a great deal more than flash or initial appeal. The most tried and true way to select a good advisor for your company is to select someone with demonstrable success in your arena. Keep in mind that this doesn't necessarily mean that the individual has to have successfully launched several companies already, but - at the very least, they should have strong experience in the industry where your company sits, and a history of working well alongside decision makers.

As a general rule, you do not need to like your advisors, though it certainly helps if you do. There will likely be moments where you disagree with them. The important thing is that you've taken the time to identify strong advisory qualities within these individuals before you give them any amount of power within your organization. If you can confirm these traits in your advisor's, you're headed in the right direction.

2) GATHER ADVISORS FOR ALL LEVELS

One of the easiest mistakes to make, when it comes to gathering advisors for a young company, is to go about doing so in a way that only benefits the highest individuals within your organization. This is a faultless thing, and relatively easy to fall into; after all, it's likely that when you're gathering advisors, you may only have a staff of two or three people. So it's natural to assume that you only need advisors that can benefit those individuals.

Of course, this is a terrible model when you consider the fact that one of the first places that your startup will scale will be in staff headcount. Keep in mind that at the end of the day, the most successful organizations are the ones in which everyone - from the CEO to the lowest level account manager - have someone that they can turn to for advice. Of course, the way that you go about gathering those advisors will vary greatly depending on the level

of employee that they're going to be advising.

For example, when looking for advisors for you and the other cofounders or early employees of your company, it's going to make a great deal of sense to do so at an industry meetup in your city (note, this ties back heavily into the concept of guerilla marketing, and there's a real 2-birds-1-stone opportunity here). At these meetups you're likely to find potential advisors who not only have a great deal of wisdom and success within your field, but who also may be more inclined to help you out than potential advisors you find through LinkedIn or less personal networking. The logic here is that a great deal of the individuals at these meetups are going to be entrepreneurial people who founded their own companies, and therefore went through a lot of the difficulties that you're going to experience. Anyone who can remember having done so is likely to enjoy the opportunity to use their expertise to advise an up and coming organization.

Inversely, looking for advisors for your lower-level employees is equally important, but is done in a very different fashion. While you could scout these individuals in a similarly guerilla oriented manner, the process would be exhausting and would likely take you away from critical day to day matters at your company. Instead, you should look for these advisors to appear as you go about hiring on your next staff. For example, the first tech hire that you make outside of your cofounders will likely be on a short list to become a VP of engineering (or some other high level role) within your company as it scales. When seeking out the individual for this role, you should be looking not only for technical qualifications, but also for someone who has the desire to serve as an advisor to the individuals who will eventually be working underneath them. They need not be in a managerial capacity to be an advisor, but having your future company hierarchy in mind as you make your first hires can create an atmosphere where top down leadership exists in an advisory sense.

If you'll recall chapter one, we discussed how a large part of your company's foundation is going to be the ability to create opportunity for individuals in many different ways. One of the best ways to manifest this is through not only gathering advisors at a high external level, but also making advisory capacity a desired trait in your hiring process.

The other important facet of developing advisors at all levels of your company is making sure that your employees - including yourself - are willing to listen to advice. Unheeded advice isn't worth much more than advice that was never given, so you need to work to create a culture in which seeking out advice is not only an option, but an encouraged behavior. That starts with you and your cofounders and - just like the bad mood that we discussed when thinking of how to identify strong advisory qualities, can spread like wildfire.

3) DEVELOPING COMPENSATION PRACTICES FOR ADVISORS

Remember at the beginning of this section, how we said that gathering advisors is one of the most subjective aspects of building a startup? We'd like to offer a friendly reminder of that statement here. We're harping on it because the fact of the matter is that there's no right way to compensate advisors. The important

thing is to make sure that you come to a firm, mutually held understanding between your company and your advisors before they enter a true advisory capacity. This can help cut down on some unenjoyable conversations down the road.

Obviously, it may seem like an ideal situation to find advisors who will advise you for free. Don't get us wrong, in many senses, this is absolutely ideal. On the other hand, though, we've found that offering your advisors a little bit more stake in the company causes them to put a little bit more skin in the game. In other words, you get what you pay for.

One of the most common ways to go about doing this is to offer your advisors equity within the company itself, much like you would to an investor. This is a popular strategy for two reasons. One, as we've mentioned countless times, you're not likely to have an enormous budget when you get started with your company. Offering equity allows you a resource without having to pay for it immediately. This is just like what you would do with an investor, except in exchange for the equity you offer you're receiving advice instead of money.

As we said, it's best to have a firm agreement in place that both parties mutually understand and have in writing when it comes to dealing with equity.

Now, the important thing to take away from this is that the advisor isn't getting all of their equity at one. On the contrary, their earning it at a steady and constant rate over a pre-established period of time. This allows you to part ways without giving up the entire chunk of promised equity if you find that the advisory relationship doesn't work out, and it also keeps your advisor engaged throughout the established period of time, as they know that they can earn a larger piece of the company for continuing to do good work.

Considering the above illustration and explanation, it shouldn't be hard to see why equity is one of the preferred compensation methods for advisory roles. It is not, however, the only way that you can go about doing this. One of the other common methods for compensating folks in advisory positions is to offer them a series of incentives.

This is where you can get a great deal more creative with your compensation packages. That's due to the fact that incentivized advisor contracts are usually appropriate when you're bringing on an advisor not as a generalist, but instead to bolster one specific aspect of the company.

For example, let's say that you have a solid foundation, a great product and a wonderful marketing strategy, but neither you nor any of your cofounders know anything about sales. You know that you're going to have to bring on a successful sales staff in order to get your company off of the ground, but you don't know how to go about doing that. You're worried that, left to your own devices, the sales staff won't perform quickly enough upon being hired or will operate in a way that's not in line with your overall vision for the company.

Here, you could bring on an advisor with a sales-specific background and have him serve as both a mentor to you and the C-suite guys, as well as a direct sounding board for the head of sales or sales manager that you inevitably hire. You would offer this advisor a contract built around performance incentives. If you

wanted to get to 1,000 accounts within five years, you might draw up a contract with incentives that looked like this:

1)_______ will receive 2% of the total sales profit from year 1, assuming that the sales department generates at least 100 total accounts that year under his/her advisory.

2)_______ will receive 3% of the total sales profit from year 3, assuming that the sales department is operating a total of more than 500 accounts by the end of year 3, and is also operating in at least 5 territories.

3)_______ will receive stock options worth 2% of the company's Series-A funding from year 5, assuming that the sales department operates over 1,000 accounts by the end of year 5, and is also operating in at least 10 territories.

The idea here is that the incentives stagger upwards, creating opportunity for your advisor to visualize what they might earn if they stay actively engaged in the company and lead you to the promised land.

In review, gathering advisors can be critical to the success of your company, but - as it is one of the more subjective aspects of startup culture - it's important to approach the process with great caution. If you take the time to carefully consider the three primary components that we've laid out in this section, you should be en route to a mutually fruitful situation for your company and your advisory staff.

"What's a leader, anyway? Am I one?"

Probably. The short answer to the question above is probably. If you had interest in starting a company in the first place, then you're likely a leader in some sense or flavor of the word. The trick, the thing that's going to be imperative to the success of your company, is determining what kind of leader you are, and how you can best use that strength to the benefit of yourself, your cofounders, and every other member of your company.

Determining your leadership style is a process that you're going to have to engage in primarily on your own, and a great deal of it will simple come as you go about dealing with the ins and outs of starting your business. What we can help you with, however, is exploring the concept of leadership as a whole.

Before we start this section, we'd like to come back to a statement we referred to earlier as an airport-hotel-conference sentiment: leadership is having a good attitude in a bad situation. We discussed the impact that this can have when it comes to determining the right fits for your advisory staff, and we believe that a lot of those concepts still hold true here. That said, there's an important difference to be distinguished between leadership and leaders.

What we mean to say here is that leadership is an attitude or a state of mind, while being a leader is an active set of behaviors. Strong leadership will help you be a leader, but being actively involved in your company is more than just having a good attitude. Leadership is a process that never ends, and it's different every day. So, as you read through this section, we want you to keep in mind that leadership is much less fluid than actually being a leader. As a leader in your organization, you don't have to handle every situation perfectly. You can grow as you progress, and you should expect yourself to make mistakes.

With that out of the way, we're going to dive into the meat of the section, here. As we have in the first two sections of this chapter, we're going to be dividing startup leadership into three primary concepts. Jumping in, let's begin with:

1) COMMUNICATION TACTICS AND TOOLS

While it seems that communication would be at the top of any manager or C-suite executives wish list during the onboarding process, it's actually a rarer commodity in the business world than you might think. Add to that the fact that communication is arguably more important in a startup than an established company, and you have a recipe that makes the need for strong communication clear.

While you may have heard it a thousand times before, active listening is one of the most critical aspects of communication within a startup. This is due in large part to the fact that - at least during the early phases of your company, all members of your staff are going to be forced to wear quite a few hats. While you might be a technologist by trade, you're going to need to be able to work seamlessly with entrepreneurs, investors and countless other members of your business to get the company up and running strong.

Active listening is key to this process, so let's go ahead and get a working definition for the phrase, which we'll take from the University of Colorado at Boulder's Conflict Research Consortium:

> **Active listening:** A way of listening and responding to another person that improves mutual understanding.

Active listening is more than just ensuring that the other individual(s) with which you're speaking hear you. It's a system of issuing involved responses to other people's statements. While this sounds simple, it's a process that differs deeply depending on which parties are involved in a given conversation. With that in mind, you may need to have a conversation with your staff at the outset of your business regarding active listening techniques. While we always encourage keeping operational costs low at this point in the business, and while team building exercises may seem a bit trope-esque, it may be worth bringing in a speaker on the topic or attending a training exercise. You'd be surprised how much trouble you can save yourself down the road by establishing a culture of active listening across all levels of your organization early on.

Of course, communication within a startup isn't all abstract. It's also important to ensure that you're leveraging all possible resources on the technical end when it comes to communicating. After all, it's 2016, and establishing company Outlook accounts just isn't going to be enough.

Again, which tools work well for you and your company will vary depending on your company's size, industry, and the scope of technical familiarity that you can assume as a baseline across your staff. With that in mind, we're going to outline three tools that have worked either for us or for people that we're close with in the startup world. Take a look:

1) Slack

Unless you've had your head under a rock for the past two years, you're likely already familiar with Slack. The open source

communication software has revolutionized the way that people speak within organizations by providing the best components of email, chat rooms and instant messaging without alleging itself to any one product type.

In slack, multiple 'channels' can be developed within a given company or organization to allow running conversations regarding departmental or siloed issues. The service also allows for file attachments and mobile push notifications, enabling many individuals to basically work from anywhere.

2) Harvest

One of the most difficult things to communicate in a startup is where all the time goes. Regrettably, conversations over lost time and productivity are often the first crack in the veneer when a startup fails. With Harvest, there's virtually no need to worry about any of that. An open-source tool that offers paid features for users who look to expand their accounts, Harvest provides an intuitive and simple to use interface that automatically tracks time spent on various projects across computers, mobile devices and even smartphones.

Harvest excels in it's basic time tracking function, but also offers seamless tools to provide invoice and billing material as well as a proprietary analytics platform that can help you to estimate the time and cost of future projects based on current or past ones.

3) Mattermost

Mattermost is a product that may not be on your radar at all, but that has the potential to impact your business as positively as either of the two listed above. In the simplest terms, Mattermost is a slack alternative - a SAAS communication program that allows for collaboration and private discussion between multiple members of an organization.

Where Mattermost really excels is in storing all of your company's communication in one central place, making prior conversations entirely searchable at any time. Perfect for young companies trying to keep all the details straight, Mattermost offers both open source and enterprise platforms.

2) UNDERSTANDING VARIANCE IN MOTIVATIONS

One of the most important lessons that you'll learn when developing your company in the acceleration phase, whether you want to or not, is that motivation is not a static thing. What motivates you to work may not be the same thing that your first employees have joined the startup for. Where leadership comes into play, of course, is being able to identify the primary forms of motivation among your entire team, and leverage these to create an atmosphere that is simultaneously as productive and enjoyable as possible.

While there are countless aspects of a job that can serve as a given single employee's primary motivation, we've found that there are three primary categories of motivating factors:

1) Money

This one may seem obvious, but it's still important. The fact of the matter is that money is one of the most common motivating factors in any workplace. In the startup world, money is often scarce, so it's important to determine how to allocate it carefully.

Once again, the only way to go about this appropriately is to have very transparent conversations with your staff about their

pay expectations and what you can afford to compensate their position at.

Take note of the fact that, more often than not, money can serve as a form of recognition more powerfully than just a salary. Consider this: if an individual joins your startup and works for a year at $60,000 annual salary, he or she is going to want more after their first year. With that said, you can likely temper their expectations for a year 2 raise by offering them an annual bonus that - in all seriousness - is going to be less than the raise would cost you. It's all in presentation, here. If that same employee is expecting a $10,000 bump and you offer them a $5,000 bonus, it affords you the opportunity to present it as 'what you can do for them right now.'

2) Advancement

There's more to advancement than money - they are not one and the same, especially within a startup community. Believe it or not, there are plenty of people out there who would take $60,000 and a Director level title over $65,000 and a manager title. As the kind of people who have chosen to found their own company (and potentially bootstrap it), this shouldn't be hard for you to understand.

When you onboard new staff, you need to be asking them what's important to them. If they respond to that question by talking about growth within a position or where they see themselves in a few years, then they may be more about advancement than money. When dealing with employees like this, you have the opportunity to cultivate some of your most effective staff without breaking the bank. Of course, their compensation should always be fair - just be sure that you have transparent discussions with these individuals regarding their motivations, what you can do for them, and what you need them to do to arrive at a point of advancement.

3) Creation

Creation is a form of motivation that you're most likely to find among your C-suite employees and advisors, but that can also exist at any level and any position within your company. For individuals driven by creation, what matters is the opportunity to build something cool and innovative, and to have a sense of ownership over the product.

It's worth noting that these individuals may be more interested in receiving equity within a company or rising to a position as a thought leader than they will be in raw cash incentives. When you identify these individuals, make a mental note that you may be able to cultivate managerial staff from this crowd.

Now, much like the other aspects of leadership that we've discussed in this section, this is an active process, and one that doesn't end. Ongoing analysis of your employees motivating factors is necessary because - well, those factors change. For example, a guy who joins your startup may be initially motivated by the opportunity to build something awesome from the ground up, and have money as an afterthought. A year in, when he's expecting a child, money may (very appropriately) become his primary motivation. Recognizing these changes and having open and honest discussions about them is a key to success.

3) MAKING THE HARD CALLS

The least fun section of this chapter, and our final section, will be brief. Leadership, as we discussed earlier, is contingent upon having a good attitude in a bad situation, and when it comes time to make the hard calls, that couldn't be more important.

As your company begins to accelerate, everything that you'll have to do moves faster. That means both the good and the bad. Like it or not, you're going to lose employees that you had imagined would be with your for a great deal longer than they end up staying. This will occasionally be at their own choosing, but sometimes you'll find that someone just doesn't work out and have to terminate them. It's a cold reality, but a reality nonetheless.

What's important here isn't that you develop strong non-disclosure agreements with all of your employees or try your best to maintain a culture of respect for the product (though both of those are - in all fairness - very good ideas).

What matters the most is that you continue to act like a leader throughout any terminations, resignations or personnel changes that you experience. Don't do this solely by trying to maintain a good attitude, but be more active in the process.

One of the best things that you can do when someone leaves your company is the old HR standard - the exit interview. We would suggest not making this a Dilbert-like dry meeting in a conference room. Take the person out for a beer after work and wish them the best, tell them that you hope you can stay in touch (even if you don't, honestly) and, most importantly: ask them why they're leaving the company.

Every person that leaves your company presents you with the opportunity to experience either a setback or another moment of acceleration. The best way to guarantee that you end up on the favorable end of that binary split is to talk to these people as human beings and understand why they're leaving. We've all worked enough at this point to understand the following basic truth: if someone at your company has a problem with someone or something internal, then someone else their likely does, as well.

Speaking openly and honestly with these individuals not only provides you with the opportunity to resolve these problems, but also with the opportunity to create a good image. Whatever city you're in, it's a lot smaller than you think. People talk. Eventually, someone looking for a job or a potential client of your company will come into contact with someone who left. Do your best to ensure that what they hear is pleasant or, at the worst, 'it just didn't work out.' If you're engaging in the leadership tactics we've outlined in this section, this shouldn't be too hard.

Acceleration is one of the most exciting times for any young company. As the business grows, you get the opportunity to really hone yourself as an entrepreneur, a leader and a professional.

As you may have noted while we worked through this section, the three main facets of acceleration that we outlined - gaining traction through marketing, gathering advisors, and leading your team - all have one thing in common: they're constant, ongoing processes.

The reality of the matter is that while acceleration may slow, it never stops. You're always going to be trying to build your business, and that means things will always be moving faster. More importantly, they'll always be changing. As you work your way through the rest of this text, we'd encourage you to come

back to this chapter a few times and draw parallels between what you see here and future chapters.

With that said, we're excited that you've made it this far! Let's move on, shall we?