

Natural Growth Methods For Startups

This blog post was translated by Mistral

In the previous article “Why I withdrew my retirement fund to repay my investors,” I introduced a method for entrepreneurship - low-cost trial and error, and working together in harmony. First, try to sustain yourself with your own efforts. If you need partners, it’s best if no one brings money, divide profits, distribute project funds, and divide returns according to the agreement. If we cannot find partners willing to suffer together, it’s best to go solo. Then, two people can partner, then three, and so on. If we secured funding, it’s best to hire employees willing to accept stocks and low wages. If we cannot find such employees, it means our abilities are not yet suitable for expansion.

This is the method of true and steady progress. This is the method of not taking unnecessary risks. Entrepreneurship is so difficult that the entire team’s profit and loss balance is also difficult, requiring us to be willing to make sacrifices, even selflessly, for a long time. In the early days of Alibaba, Jack Ma and his 18 partners took the risk and co-founded the business. They later became so successful, and their early experiences were closely related to their success. Wang Xing and his partners worked together for years before founding Meituan, and they achieved great success, not by chance.

I have many entrepreneurial teams around me, and through public information and conversations with friends, I have learned about many entrepreneurial stories, some of which lost millions, billions, even tens of billions. The market environment has become more rational, but many young and capable friends have continued to start businesses, securing millions or even billions in funding. I am impressed by their abilities, but I, who have not raised that much money, am not brave enough to continue the funding path in this market environment. After I struggled to repay the investment from the investors with several tens of thousands of dollars, and after interacting with various friends, I even felt that entrepreneurship was tiring and exhausting, and I almost gave up. Is it just a problem for me? It seems that many entrepreneurs feel the same way. Most people around me think making money is not easy. Look back at our parents, they seem to have spent their entire lives buying a house in the big city. This was fortunate, as they bought cars before 2015. These past few years, many have been paying off their mortgages. In the past twenty years, China was a huge construction site. Everyone bought many houses, and the country used this money to build infrastructure. With the outbreak of the epidemic, some people were unable to pay off their mortgages, and some sold their cars and houses to keep their family businesses alive.

This is the background of the entire society. Some large companies’ stocks are still rising this year, while the stocks of small and medium-sized listed companies are not doing well. They are the commercial entities that earn the most money in this society. Some friends earned a lot of money this year, some started doing microbusinesses, some became unemployed, some looked for work for a period of time, and some continued

to work in their companies.

Starting a business to make money requires a lot of consideration of input-output ratio. Large companies have more money and more people, more experience, and can maintain a balance of profits and losses, with some even making significant profits. Small and medium-sized listed companies have worked hard, but their financial reports are still not good, continuing to expand losses, a large part of which is marketing expenses. Without marketing investment, there is no new user increase, and it is not possible to maintain the same income level, and the traffic cost is high now. Some netizens, small teams, and individuals with more resources earned a lot of money because their input-output ratio was high, with high output and low cost. Some friends also made money by investing in stocks and coins this year.

Long-termism is a hot word. Yes, everything needs to be considered in the long term. Rainy days must be thought of on sunny days. Financing once is not difficult, but the difficulty lies in continuous financing. Earning users once is not difficult, but the difficulty lies in continuously earning users' money. Earning a customer for a project is not difficult, but the difficulty lies in continuously earning customers' money. Asking friends for help once is not difficult, but the difficulty lies in making friends continue to help me.

Why is it difficult? It is difficult because we have to continuously pay for these things, and we must make the other party very satisfied. To satisfy current investors, they will help you raise the next round or introduce you in investment circles. To satisfy users, they will buy your goods or services again in the future. To satisfy customers, they will find you or introduce customers to you in the future. To satisfy friends, thank them or repay them, and then you can ask for their help again. Entrepreneurs are usually idealistic, willing to take risks, and willing to put in extra effort. Otherwise, they would be better off working steadily. However, they still have a sense of responsibility towards investors and users. Yet, they still make many mistakes and fall into many pits. Figuring out the key to making money in startups and understanding many things in the world is not always clear. External changes also occur frequently, causing them to lose a lot of money for investors or accumulate heavy debts.

Buffett said that if something cannot last, it will eventually stop. This likely refers to business areas such as enterprises and the stock market. If a company keeps losing money, there will be a day it goes bankrupt.

The saying goes, “The only thing that can save a company is its users and customers.” This is indeed true. We cannot rely solely on investors. Where will the company get its blood transfusion from?

Starting a company, we often think there will be a few employees or a team of several dozen. However, this is more difficult. Teams need to be managed, and how to balance profits and losses for a team is a challenge.

Before starting my business, I earned a monthly salary of 10,000 yuan in a company. A year later, I made only one or two hundred thousand yuan a month by selling courses. I took half of it. I am an engineer by background, new to society, and knew nothing. I stepped into many pits on this journey. At that time, I thought working for a company and making money was so easy, but why was creating a business so difficult.

I thought it was my problem, but later I found out that many companies were the same. I don't want to offend any of my working friends here. I have worked in a company before, and I might go back to working as a laborer in the future. Many of my friends make tens of thousands to hundreds of thousands of dollars a month, how many of them can stably make that much money doing e-commerce or freelance work? Some excellent ones may earn more, but many can't. I have friends selling courses in my social media circle about outsourcing companies, but I don't know how they make money through social media.

Some friends started doing e-commerce and did well at first, thinking they had no support, but many friends supported them, and they made several thousand in the first month. However, what about the second month, the third month, or a year later? Considering my friends' interests, I supported them, but unfortunately, Pinduoduo is quite cheap. It's a bit inconvenient to chat with friends and buy things through it, and I'm busy every day working and earning a living with little free time.

Everyone can see that starting a business or being a freelancer is difficult to sustain in the long term. It's better to work in a company. Zhimi, who seems to have done many things and experimented with various ways to make money, has made some friends and often sells stories with emotion, but he has also thought of going back to work in a company several times. However, he seems to be frugal and lacks ambition, still polishing and polishing.

Everyone is smart and will choose the best beneficial path. There are many companies to choose from, and if this company cannot make a profit and balance its books, it won't be able to continue, and I won't care. If the company goes bankrupt, the founder has debts, I've spent all the salary they gave me, and I still have a mortgage. This is reality. Everyone says, in this society, everyone is cabbage, it's just a matter of who is stronger and who is weaker, who gets cut harder, who gets cut lighter.

This is also why I initially spoke about startups and team members naturally growing. Especially when you raise a lot of money, don't be proud, don't be arrogant, spend less. Of course, it seems that my friends who have raised a lot of money won't open this article. They are busy, they don't think they can learn anything from me.

My methods are very reasonable. A person who can start a business to sustain themselves, do e-commerce, freelance work, or be a media influencer, for a few years, proves they understand how to serve users and customers, and how to make a little money. A person who can convince friends to partner and share risks and hardships, shows they understand long-term risks, team management, and how to bind benefits, and how to make the team work together. A person who takes a market price salary and contributes energy every day to the company, this state is really difficult to succeed, requiring everyone to dedicate all their efforts, not afraid to seek help from all friends, not afraid of being blocked or deleted by many friends to earn a little money.

Everyone does e-commerce, don't they know they will be blocked or deleted? I think most people know.

They can't do business offline because it requires various investments, and online investment is low-risk.

It's difficult to convince a friend to start a business together. Everyone needs to maintain their livelihood, and a friend can choose to take a job instead. Why follow me to start a business? Even though there are many intelligent friends, they also think they should first make their own business successful and consider partnering later. I chose a person because, in a partnership, we need to do business well, not that I write an article, make a video, and do advertising today. We need a common goal to do it. A partnership, I also need to find a friend who is willing to live with me every day, just like living with a spouse. Then, can I convince my spouse to partner with me? Ha ha. It seems quite difficult, she is doing well at work and doesn't want to work on outsourced projects with me.: Therefore, Ma Yun founded AliBaba early with 18 partners. It's amazing to find 18 people with a common vision, who are willing to work hard, and really want to do business.

Convincing an employee to take fewer stocks and more salary is difficult, given the numerous companies they can choose from. Saving money is making money. Is it easier to convince an employee to take a few thousand less in salary or to earn a few thousand more from customers? Do you have such confidence in the market and product vision? Is it easier to save a few ten thousand for the employee in a year or to earn a few ten thousand more from customers in a year? Yes, finding such dream employees is difficult, but isn't finding customers who are willing to pay us even more challenging?

Starting a business is difficult, and it's important to save money and make as much as possible. The larger the team, the harder it is to control, and the stronger the KPI indicators become. At AliBaba, they say they treated men like cattle and women like men. Several months of continuous overtime. I now understand this better.

I realize that my words may sound harsh, maybe I've earned too much money from my entrepreneurship these years, or maybe I've learned too many lessons. I have no other intentions; I just want all my friends to be happy and successful in their entrepreneurship, to be aware of risks, and to enjoy the process.

My investor, Xiao Lao Shifu, recently wrote a book, "WeChat Internet Grassroots Entrepreneurship." I highly recommend it. I do this because I was inspired by him. He has done more things than I have, and he's been able to make money consistently, earning more and more. I admire him. He has written many best-selling books. At first, he sold each character for one dollar, now each character costs ten thousand dollars. Because he writes well, and more and more people trust him, they buy his courses, his books, and join his practice groups to grow together. I read Paul Graham's book "Make Friends with Time" in high school. I also read many articles by Y Combinator co-founder Paul Graham. I gradually chose to follow their path. I learned to write many articles and learned to write good ones. Their articles taught me something, and after experimenting, I gradually understood what they meant.

In life, many things don't come quickly, wealth and reputation are best if they grow naturally. If I'm

not famous, but hundreds or thousands of friends willingly read my articles, then that's fine. Because my articles aren't good enough, or everyone is busy working to earn a living and doesn't have time to read my articles, that's fine. Because I go to many groups to promote or ask friends to forward, these things are not sustainable. My articles need to make a stranger feel they gained something or were touched when they enter, and want to share, to ignite.

The natural growth of readership, users, and fans all follow this rule. TikTok is the same way, TikTok has its rules, but they don't change much. TikTok, the most important thing is to make good content, to make a stranger watch my content and, not knowing me at all, watch it completely or like and leave comments, for it to spread.

My TikTok account isn't good enough, I have a few hundred fans, my account has 150,000 plays, and 90 followers. I just played around, and a few videos have more plays than usual, over 100,000, they are my growth story, wedding announcements, and wedding photo shoots. They have high plays because of existing friends who liked and commented, but more importantly, a stranger faces this content and patiently watches and encourages.

It's difficult. Zhiwei's video account reached 150,000 plays but only gained 90 new followers. There was no inducement to pay attention. Besides the reasons above, I also feel that I haven't figured out which type of content to output, what I will do in the future, and I'm curious about whether I can completely rely on natural growth with this content, it's quite Zen. Everyone is already my WeChat friends, it's normal not to follow my video account. Fans are few, but I think I've learned a lot. I write this article to remind my friends. Starting a business and making money is not easy, and it's getting harder. Winning people's trust is such a challenge, turning a stranger into a friend, and then into a friend who pays, is such a challenge.

This is the natural growth method for making money in business. This is a reliable path for personal growth. We have many basic skills to learn, and making money requires a lot of effort. The crowd's eyes are sharp, and the crowd and customers are not easy to deceive. Money is the wisest.