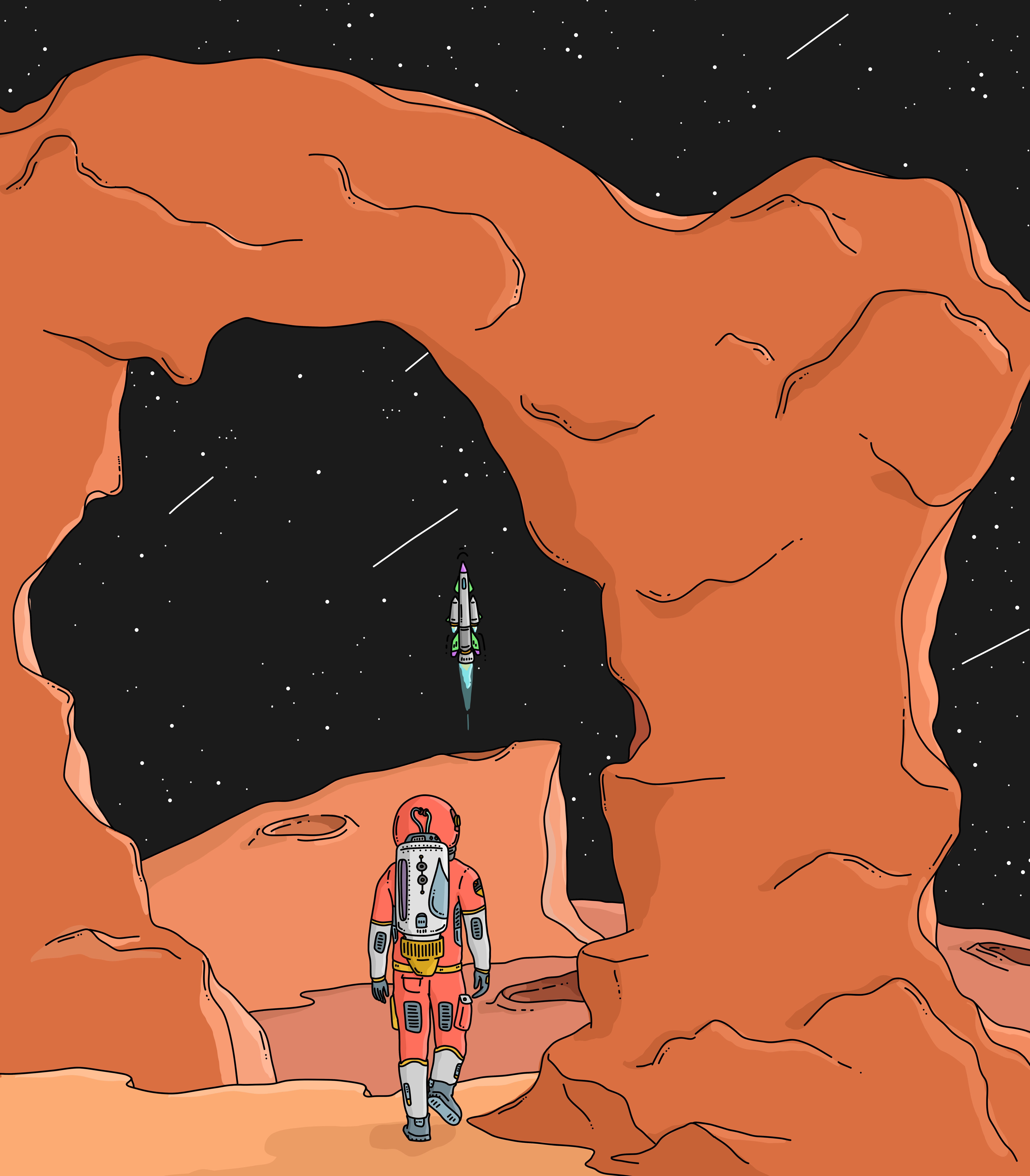
HOW TO LAUNCH A STARTUP IN THE OPHTHALMIC INDUSTRY

WRITTEN BY: MATT GELLER, OD & BRETT KESTENBAUM
CO-FOUNDERS OF EYES ON EYECARE



ACKNOWLEDGMENTS

We'd like to thank everyone who has helped us on our journey and, most notably, our incredible team. Without you all, none of this would be very fun, and we certainly wouldn't be where we are today. Lastly, we'd like to thank Dompé for helping to make the Optometry Innovation Awards happen—you're a shining example of the word "innovation."

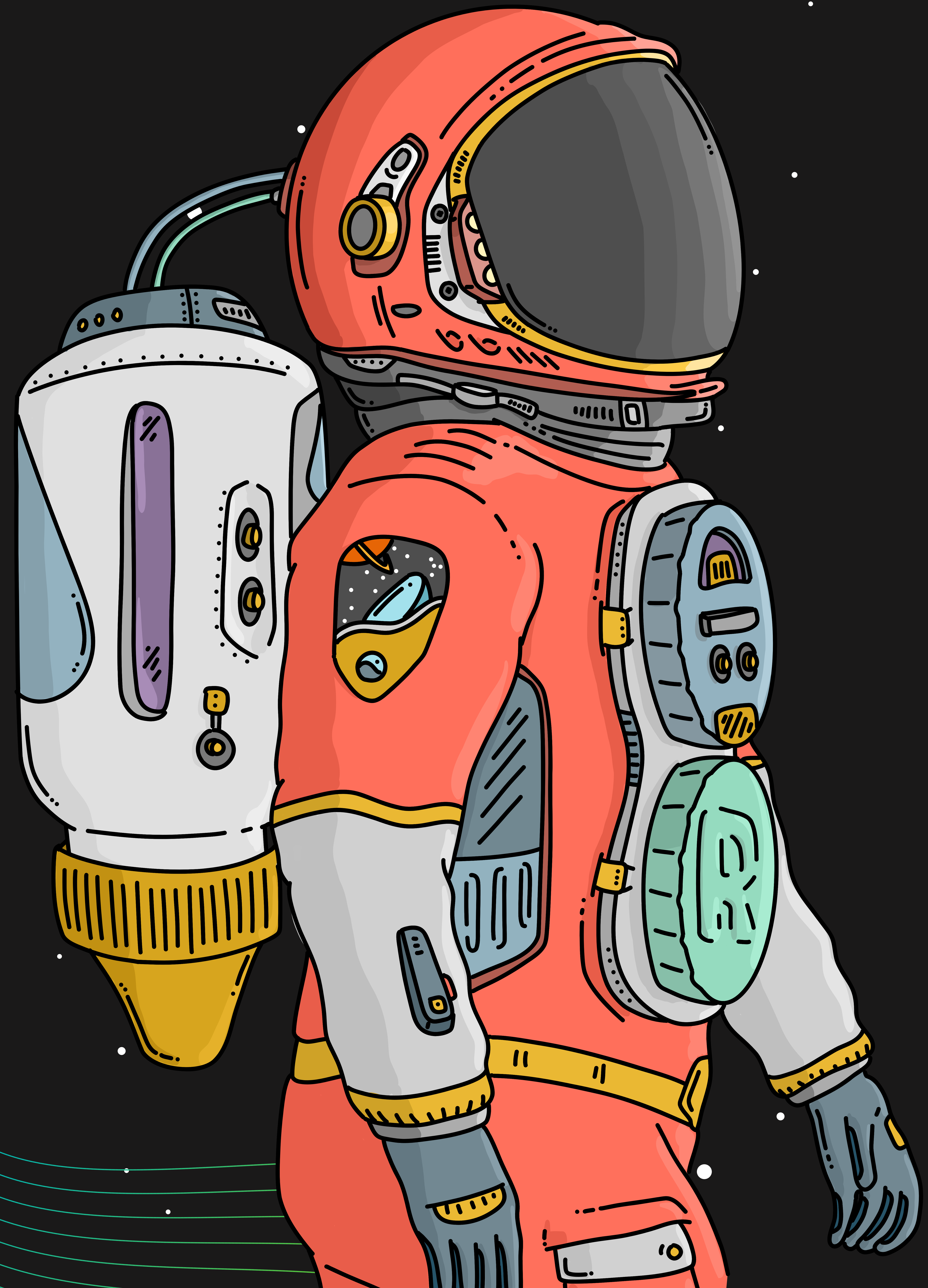


Table of Contents

About Eyes On Eyecare®

Based in San Diego, California, Eyes On Eyecare® is the #1 provider of leading-edge clinical and career education for the next generation of optometrists and ophthalmologists through an all-in-one digital platform that includes editorial content, industry news, events, CE/CME, courses, clinical content, market research, and talent acquisition. Eyes On Eyecare is the most disruptive ophthalmic media company to emerge in the last 23 years and will celebrate its 10th anniversary in 2023, with more than 75 years of clinical and agency experience supported by ophthalmic key opinion leaders.

About the Optometry Innovation Awards

Exclusively sponsored by Dompé, the Optometry Innovation Awards by Eyes On Eyecare® awards recognize and encourage transformative advances in eyecare by bringing together optometry students, optometrist problem-solvers, and creators from all over the globe. Eyes On Eyecare awards $20,000 to the first place winner, $12,500 to second place, and $7,500 to third place, which can be used to advance their innovations to market. The award ceremony is presented each year at Eyes On Eyecare end-of-year event.

FOREWORD

By: Matt Geller, OD,
Co-founder & CEO at Eyes On Eyecare

Starting a business, much like tracking a lion, requires an acute sense of navigation, alertness, and a focus on the journey rather than the destination. There are two questions I have been asked a million times: "How do I know what I should do with my career?" and "I know I want to be an entrepreneur, but where should I begin?"

For both of these questions, I always bring up the lessons from one of my favorite books, *The Lion Tracker's Guide To Life* by Boyd Varty. This book beautifully illustrates how the art of tracking lions in the wild parallels the venture of starting and growing a business.

Lion tracking isn't about predicting the exact location of the lion from the onset but rather recognizing and following the next track. Lion trackers rely on signs and indicators—a displaced stone, a flattened piece of grass, a faint paw print—to guide their path. The key is to not let the uncertainty of the lion's exact location dissuade them but instead to focus on identifying the next track, confident that it will guide them closer to their ultimate goal.

Similarly, as an aspiring ophthalmic entrepreneur, the path to successful innovation doesn't have to be fully mapped out from the start. Instead, it's about looking for the next opportunity, the next indicator of where the market is heading, the next customer that needs addressing, and then boldly making a move in that direction. The precise "lion" or end goal of your business may still be miles away or might even change as you progress, but each "track" you follow, each step you take, draws you closer to a successful outcome. This process requires immense patience, a keen eye, and resilience in the face of uncertainty, all traits shared by both successful lion trackers and entrepreneurs.

Remember that the path of innovation, like the path of the lion, isn't always a straight line. It can be winding and unpredictable. It's about exploration and adaptation as much as it is about the pursuit. Keep your senses alert, stay adaptable, trust in your ability to navigate, and remember every step—every "track" you find and follow—is progress. Don't be daunted by the distance or the elusiveness of the "lion," instead, focus on finding and following the next "track," knowing that each step, each decision, each action, is leading you closer to your entrepreneurial goals.

As I look back now at the 10-year anniversary of our company, Eyes On Eyecare®, I can say this is one thing myself and my co-founders did right. We were keenly focused on having an incredible time throughout the journey and weren't dead set on exactly how the path along the way should look—we just knew that, ultimately, we'd find that lion. We had faith, trusted the universe, and knew hard work would pay off.

Remember, entrepreneurship, like the art of tracking, is a journey, not just a destination.

CHAPTER 1: KNOW YOUR WHY

Hey there, trailblazer! Before we delve into this thrilling odyssey, we want to ask you a question—why do you want to dive into the world of entrepreneurship, specifically in eyecare? Why are you reading this book in the first place?

Yes, you heard me right. Why? That's the first and foremost question you need to answer before we set foot on this path. It's so crucial that Simon Sinek dedicated an entire book to it, aptly titled *Start with Why*.

If you're not familiar with Simon, you're in for a treat. He's a genius who has unlocked the secret to successful leadership, which starts with a fundamental question: "Why?" His theory is simple but profound—**people don't buy what you do; they buy why you do it.**

Take a moment to recall the last time you made a pivotal life decision, such as choosing a career path, deciding to pursue further education, or investing in a new home. These decisions were driven by a deeper purpose, by your "why." It wasn't simply about the status of the job, the prestige of the degree, or the size of the house; it was about what those choices signified in the grand scheme of your life. It was about your values, your aspirations, and your vision for your future. These significant decisions were influenced by your "why,"' and similarly, your "why" will be the driving force behind your entrepreneurial journey.

In the world of entrepreneurship, understanding your "why" provides direction and purpose. And, in the realm of eyecare, where innovation can redefine the rules of the game, having a clear "why" isn't just important, it's essential.

Maybe you've identified a problem that you passionately want to solve. Maybe there's a gap in the market that keeps you up at night. Maybe you're driven by the potential to impact lives. Or, perhaps, it's all about personal growth, making money, and seeing what you're capable of achieving. All these are fantastic "whys,"' and there might be a million more.

But the important part isn't just knowing your "why;" it's being able to articulate it. That's your guiding star, your lighthouse in the storm. It's what will get you up in the morning when things get tough, keep you focused when distractions abound, and inspire others to join you on this journey.

So, my aspiring ophthalmic entrepreneur, before you embark on this grand adventure, take a pause. Take a deep breath. Think. Reflect. Identify your "why." Hold it close, let it fuel your spirit, and then—and only then—are you ready to take the next step forward.

Here's to knowing the cornerstone of a purposeful, passionate, and promising journey in the world of ophthalmic entrepreneurship. Here's to knowing your "why."

"YOUR WORK IS GOING TO FILL A LARGE PART OF YOUR LIFE, AND THE ONLY WAY TO BE TRULY SATISFIED IS TO DO WHAT YOU BELIEVE IS GREAT WORK."

- Steve Jobs

CHAPTER 2: DECIDING YOUR WHAT

When trying to launch a successful company, it's best to enter a field that you truly understand. If you've experienced a problem firsthand, you're more equipped to solve it effectively and, chances are, others have faced it too. This was our philosophy when we founded Eyes On Eyecare. We realized there hadn't been a new publishing company in eyecare in nearly 20 years, especially one that catered to new doctors, so we developed a media outlet that bridged the gap, enabling us to provide the best content in the world to our readers.

Another significant factor is passion. Innovators and inventors are naturally passionate about solving problems they've encountered, especially those others have overlooked. Our work at Eyes On Eyecare was fueled by excitement about merging traditional publishing with the latest technology. This passion is the driving force behind our success and one of the reasons we have an engineering team of four individuals dedicated solely to making sure our product has the best UI/UX of anything out there.

When you're genuinely enthusiastic about a problem, you'll likely attract customers who share your passion. Charisma is infectious and a natural sales aid.

Now, the two fundamental questions for startups are "What are we going to build?" and "What's our idea?" These questions will be constant companions throughout your company's journey. As your product evolves, so do the problems you need to address, the features you need to build, and the bugs you need to fix.

Start with your problem

One of the biggest mistakes founders make is focusing on the "What are we going to do?" rather than "What are we trying to solve?" At Eyes On Eyecare, we used the Jobs-To-Be-Done (JTBD) framework to keep our focus on solving a real-world problem. This framework teaches that customers hire your product to accomplish a specific task, not because of its brand, technology, influencers, or some other veneer.

When a product fails to fulfill a job for the customer, it fails.

Play chess, not checkers

Embracing a chess-like approach, founders must not only stay informed about technological shifts but also anticipate future moves and their potential ramifications for their business. Similar to a skilled chess player who contemplates multiple moves ahead, entrepreneurs must assess the long-term implications of emerging trends and industry developments. This forward-thinking mindset allows them to make proactive decisions that align with their vision as well as to effectively respond to changing market dynamics. By considering the broader landscape and anticipating future moves, founders can position themselves strategically and gain a competitive edge in the business arena. Emerging trends offer endless possibilities, but they should be pursued only when they can enhance your product and make customers' lives cheaper, faster, or easier.

Small differences go a long way

Sometimes, the key to creating great products isn't necessarily inventing something entirely new but improving on existing ideas. We have always been fascinated by the simple differences between Instagram and Snapchat (at their inception). With Instagram (before IG Stories existed) posts were permanent and did not disappear. With Snapchat, posts disappeared. The simple premise of "disappearing vs permanent" photos was enough to create two multi-billion dollar companies. So, when thinking about what you want to create, there's no need to completely reinvent the wheel; instead, small tweaks to existing products make a huge difference—both at the brand and product level.

Sculpting your masterpiece: Molding talents into triumphs

Capitalizing on your inherent talents and personality traits can be a powerful catalyst in the success of your creation. Let's consider what brough Matt to where he is today—it's a path you might not expect:

1. As a kid, he loved BMX bike riding and skateboarding and would capture it all on film and in photographs with his friends. This formed the fundamentals for his creative eye and focus on digital media.
2. Coming from a lower-middle class family, he grew up needing to make his own money, so he did a bunch of freelance copywriting for extra cash. This formed not only the fundamentals for his background in publishing and writing but also his desire to never have money be a source of struggle or pain.
3. As he went through college, he learned that his charisma and ability to communicate publicly was a strength. This formed the fundamentals for his sales capabilities.
4. As he loved science and healthcare, particularly the bedside manner component of helping people, he went to optometry school. This formed the fundamentals of his eyecare background.

If you mix up these four ingredients—along with a few additional life experiences, character traits, and amazing, supportive co-founders—you end up with an individual who is capable of co-creating a digital media outlet, like Eyes On Eyecare.

Recognize your unique strengths, as they hold the potential to be the secret ingredient in deciding what you should build. The key is to align your venture with your inherent strengths and passions. This alignment not only makes the journey more enjoyable but also increases the likelihood of success. Your individuality is your greatest asset; embrace it, and let it guide you in creating something truly remarkable.

Great entrepreneurs don't just follow trends, they create them. Build something you understand and are passionate about, focus on solving real problems before dwelling on the technology, stay attuned to industry shifts, improve upon existing ideas, and be sure to capitalize on your strengths.

CHAPTER 3: FIGURING OUT HOW

The world of businesses is a tangled web, filled with countless theories and methods for product development. However, not many companies share the unvarnished truth about their experiences. In this chapter, we'll explore the process of shaping your idea into a tangible product.

It's pretty much impossible to write a chapter on "How to Build a Business," but perhaps a bird's eye view of the typical milestones involved would be helpful. Remember, this is overly simplified, and all of these steps are discussed more in depth throughout this eBook.

1. **Define your vision and mission:** Clarify the purpose and goals of your business to provide a clear direction for your endeavors.
2. **Conduct market research:** Identify your target market, understand customer needs, and evaluate the competitive landscape to inform your business strategy.
3. **Develop a business plan:** Outline your business model, marketing strategies, financial projections, and operational plans to guide your company's growth.
4. **Choose a business name and brand identity:** Select a name that reflects your company's values and resonates with your target audience. Develop a cohesive brand identity, including a logo, color scheme, and visual elements.
5. **Register your business:** Determine the legal structure of your company (e.g., sole proprietorship, partnership, LLC) and complete the necessary registrations and licenses required by local authorities.
6. **Set up your financial systems:** Establish a separate business bank account, implement accounting software, and set up bookkeeping processes to track your finances accurately.
7. **Secure funding:** Determine your start-up costs and explore funding options, such as personal savings, loans, grants, and investment from angel investors or venture capitalists. This could be pure sweat equity.
8. **Develop your product or service:** Refine your product or service offering, based on market research and customer feedback. Iterate and improve as you gather more insights.
9. **Build a team:** Identify the key roles needed for your company and recruit talented individuals who align with your vision and values. Consider outsourcing or hiring contractors for specialized tasks.
10. **Create a marketing and sales strategy:** Define your target audience, develop a marketing plan, and determine the channels and tactics to reach and engage your customers effectively.
11. **Launch your business:** Execute your go-to-market strategy and officially launch your products or services. Communicate your value proposition and start acquiring customers. Sometimes you can launch prior to taking all of these steps! Most aspiring entrepreneurs start way too late in an effort to make things perfect.
12. **Manage operations:** Establish processes and systems for day-to-day operations, including production, distribution, customer support, and inventory management.

13. **Monitor and adjust:**
    Regularly review Key Performance Indicators (KPIs) and customer feedback to evaluate your progress. Make necessary adjustments to your strategies and operations.
14. **Scale and grow:**
    Once your business gains traction, develop strategies to scale operations, expand into new markets, and explore opportunities for innovation and growth.

PRINCIPLES TO GUIDE THE WAY

Navigating with guiding principles

In the intricate landscape of product development, finding your way requires more than just a map; it requires a compass. By defining a set of guiding principles, you establish a clear direction for your team and ensure decisions align with your shared beliefs. These principles become the foundation of your internal compass, helping you navigate the complexities of the business world. Let these guiding principles be the North Star that guides your team towards success.

Developing rock solid principles in the early stages of Eyes On Eyecare might be one of the single most important things we did.

Embracing daily and weekly milestones

In the pursuit of your entrepreneurial journey, each day holds immense value. Every member of your team should have a clear understanding of their daily goals and how they contribute to the broader objectives and company releases on a weekly basis. This creates a sense of urgency and focus, driving efficiency and propelling your progress. Embrace the power of daily and weekly milestones as a framework for accountability and productivity. By breaking down larger goals into manageable chunks, you can maintain momentum and celebrate small victories along the way.

Simplicity for maximum efficiency

In the pursuit of success, it's easy to fall into the trap of overcomplicating processes. However, simplicity can be a powerful ally in maximizing efficiency. Keep your work tools and processes streamlined, focusing on the essential elements that drive results. Remember the quality of the outcome matters more than the intricacy of the plan. By embracing simplicity, you empower your team to work efficiently, eliminate unnecessary complexities, and deliver exceptional results.

Create a vision and strategy summary sheet

Scaling Up by Verne Harnish is one of our bibles here at Eyes On Eyecare. It's a practical guide for business leaders looking to navigate the challenges of scaling their organizations. The book offers actionable insights on key areas, such as people, strategy, execution, and cash, to help entrepreneurs and executives drive sustainable growth and build successful companies.

The author focuses a lot of attention on creating a "vision and strategy summary," which is a concise document that captures the core elements of your business's vision, strategy, and key objectives. It serves as a reference tool to align your team and keep everyone honed in on the overarching goals and the direction of the company.

Here are the key components typically included in a vision and strategy summary:

Vision statement: Clearly articulate the long-term vision for your company. It should convey the ultimate goal and purpose of your business and paint a compelling picture of the future you aim to achieve.

Core values: Define the fundamental principles and beliefs that guide your company's behavior and decision-making. Core values represent the desired culture and provide a framework for how your team operates.

BHAG (Big Hairy Audacious Goal): Set an ambitious and inspiring long-term goal that may seem audacious but is achievable with focus and strategic efforts. The BHAG should stretch the limits of what your company can achieve and is typically a >10-year timeline.

Brand promise: Summarize the unique value proposition you offer to customers and the promise you make to deliver a differentiated experience or solution.

Target market: Describe the specific segment(s) of the market your business is targeting. This includes identifying the ideal customer profile and understanding their needs, pain points, and preferences.

Competitive advantage: Define the factors that set your business apart from competitors. This could be proprietary technology, unique expertise, cost leadership, exceptional customer service, or any other distinctive advantage.

Key strategic objectives: Outline the high-level objectives that will drive your company's growth and success. These objectives should be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART). They serve as guideposts for decision-making and resource allocation.

Key initiatives: Identify the critical projects, initiatives, or actions that need to be executed to achieve your strategic objectives. These are the key steps and milestones that will propel your business forward.

Key performance indicators (KPIs): Define the metrics and indicators that will be used to track progress towards your strategic objectives. KPIs should be quantifiable, relevant to your goals, and regularly monitored to ensure accountability and progress.

By creating a vision and strategy summary, you provide a framework for everyone in your organization to understand the direction of the company, align their efforts, and make decisions that are consistent with the overall strategy. It serves as a valuable tool for communication, goal setting, and strategic planning.

Here is a snapshot of a similar document we use at Eyes On Eyecare to define our company strategies and priorities over the long and short term.

<table>
<tr><th colspan="3">Vision & Strategy Summary</th><th colspan="3">Department: Operations
Date of Completion: May 15, 2023</th></tr>
<tr><td colspan="6">Big Hairy Audacious Goal (BHAG)</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="6">Three (3) Key Themes That Describe Our Priorities</td></tr>
<tr><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td colspan="3">2-5 Year Strategic Priorities / Vision</td><td colspan="3">1 Year Strategic Priorities / Vision</td></tr>
<tr><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="6">½ Year Strategic Priorities</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="3">½ Year KPIs</td><td colspan="3">½ Goals For Each KPI</td></tr>
<tr><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="6">Activities Your Department is No Longer Pursuing</td></tr>
<tr><td colspan="6"></td></tr>
</table>

Embracing a goal-driven culture

Weekly goals keep your team focused and ensure that priorities are clear. With the volume of issues a product team faces daily, it's vital to maintain focus and reduce distractions.

An essential element of fostering a goal-driven culture in your ophthalmic business is the implementation of Objectives and Key Results (OKRs), a system pioneered by Andrew Grove. This simplified, yet robust, system provides a roadmap for the organization, linking objectives (what you want to achieve) to key results (how you're going to achieve them). It brings alignment and engagement around measurable goals, encouraging all employees to work together toward the business's vision. The OKR system cultivates transparency and allows you to track progress effectively, ensuring your team is always striving to improve patient outcomes and services.

Setting up an OKR system starts with identifying broad, ambitious objectives that align with your business strategy. For an entrepreneur in the eyecare space, this might be developing an AI-based diagnostic tool or introducing a new line of eyewear products.

Next, you need to define the key results, which are the specific, measurable actions that will drive you towards your objectives. For instance, if your objective is to speed up diagnostic time of your retinal camera, a key result might be to reduce eye exam length by 15% in the next quarter.

The objectives should be inspirational and somewhat challenging to achieve, pushing your team to go above and beyond. Key results, on the other hand, should be quantitative, achievable, and time-bound. They provide a clear path to your objectives and enable you to measure progress.

Ensure these OKRs are communicated across your organization and are visible to all team members. This enhances transparency and keeps everyone aligned to the common goals. Regularly review and update your OKRs, typically on a quarterly basis, to keep them relevant and aligned with your evolving business needs.

Remember, the OKR system is not just a set-and-forget exercise. It requires active involvement and continuous monitoring to ensure your team is on track to achieving the objectives. It's a dynamic process that can bring clarity, focus, and alignment to your organization.

THE LIFE OF A PRODUCT

Determining what to include in your product roadmap involves difficult decisions and trade-offs. The ultimate goal is to maintain a balance between new product development, iterating on existing products, addressing customer issues, and improving product quality.

Shipping is just the beginning

When a product is ready to launch, it's often viewed as the end of a journey, but it's actually just the beginning. After launch, the real work of iteration, feedback collection, and improvement begins.

The courage to start small

The urge to create something ambitious and groundbreaking is strong, but starting with smaller, well-scoped projects often proves more successful. This approach allows for continuous learning, faster execution, and constant feedback from customers.

ALWAYS BE ITERATING

In a start-up environment, one thing is certain—change is inevitable. The entrepreneur in the eyecare space must be prepared for this. Eric Ries, in his groundbreaking book *The Lean Startup*, introduces a revolutionary approach to business that underscores the importance of iteration over perfection. This approach encourages entrepreneurs to learn from their mistakes, make necessary adjustments, and persistently pursue improvement.

Before anything else, understand that your initial idea or product is unlikely to be flawless. You may be envisioning a sophisticated, new diagnostic device or an innovative line of eyewear, but remember that it's okay to start small. Ries advises to commence with a Minimum Viable Product (MVP): the most basic version of your product that still delivers your core value proposition.

Your MVP allows you to test your business hypothesis and gather valuable feedback from your customers without investing heavily in the final product. It is all about learning as quickly as possible. For an eyecare entrepreneur, this could mean starting with a basic eyewear collection or offering a limited set of ophthalmic services.

The next step is to measure. Use quantitative data to gauge your MVP's performance. Are customers satisfied with your product? Are they coming back? Is your product improving their vision or lifestyle as expected? Collecting data will help you understand what is working and what isn't.

This leads to the final step of the *The Lean Startup* methodology: Learn. Based on your measurements, decide whether to persevere with your current plan or to pivot, adjusting your strategy based on what you've learned. For instance, if customers aren't buying your AI diagnostic tool as expected, examine why this might be. Do they want faster speed, better quality diagnosis, or lower price points? Once you have this insight, you can adjust your product or strategy accordingly.

The cycle then begins again: Build, Measure, Learn. This process of continual iteration is central to *The Lean Startup* methodology. It allows you to respond swiftly to market changes and customer feedback, continually improving your product and ultimately increasing your chances of success.

Creating a product is an iterative process that never truly ends—it's not about getting it right the first time; it's about being resilient and adaptable enough to make it right over time. It's a journey of constant learning and adaptation, where small steps can lead to significant progress.

As an entrepreneur in the ophthalmic industry, the principles laid out here will serve as a foundation as you work to turn your ideas into reality, whether you're building a product, a service, or a unique patient experience.

CHAPTER 4: HOW YOU'LL MAKE MONEY

Every eyecare entrepreneur needs to address a crucial question at some point: What will you charge for your product or service? It's a daunting task, particularly if you've never priced anything before, but it's something you must tackle early in your venture. The sooner you start charging, the quicker you understand which areas to focus on based on customer response. In this chapter, we'll discuss pricing strategies, pitfalls, and principles tailored for the eyecare entrepreneur.

Overcoming pricing pitfalls

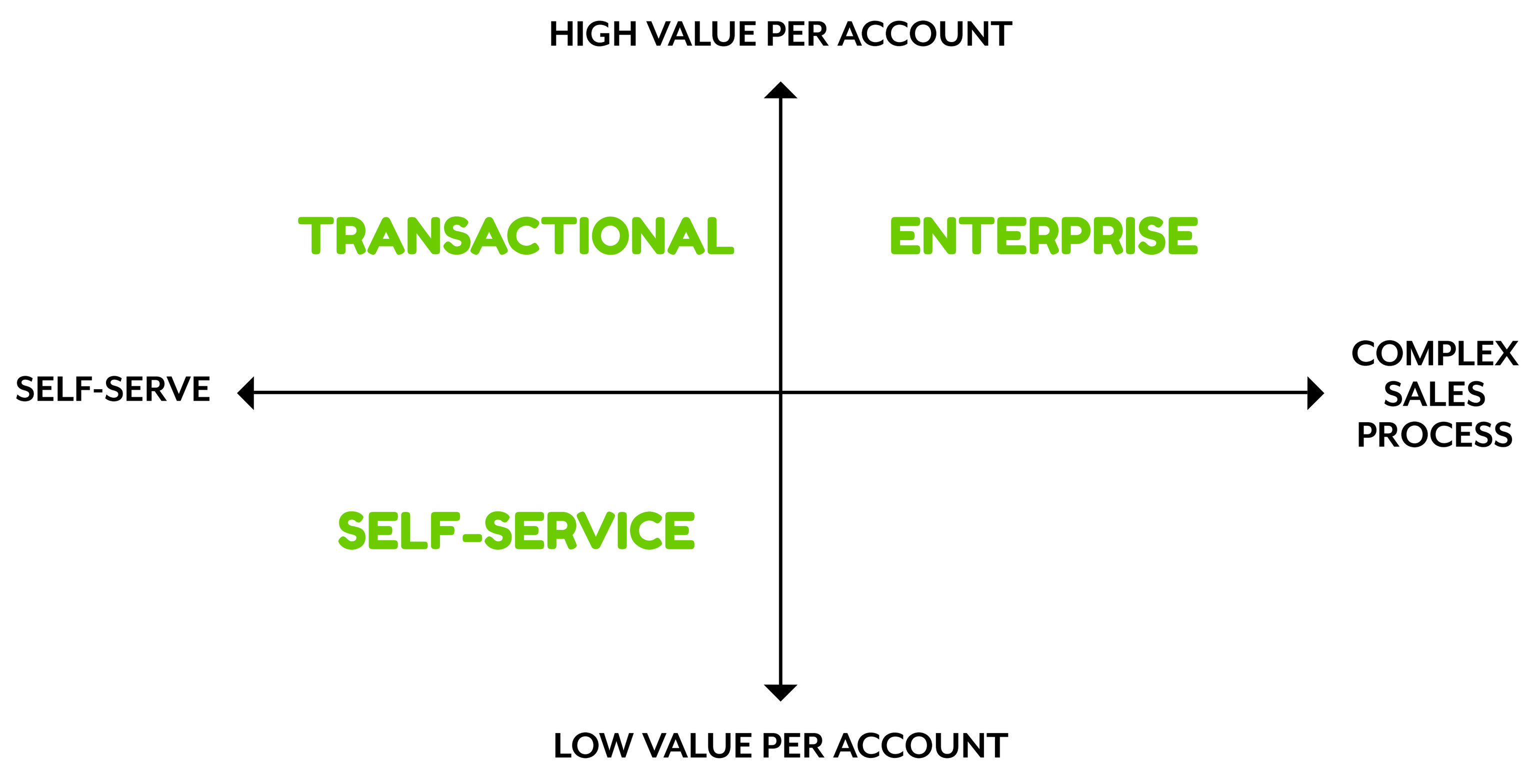
Most startups encounter four common pricing pitfalls, creating a cycle that often results in delaying charging indefinitely.

1. Believing that everyone should be willing to pay for your product
2. Assuming a mythical "perfect" price exists that maximizes revenue from every single customer
3. Believing that established product pricing can never change
4. Delaying charging due to the above misconceptions

We'll explore these in depth and provide strategies to overcome them.

The pricing quadrant

Understanding what it takes to attract your target customer and deciding what you want to charge them enables you to outline a plan to reach those customers. You can broadly categorize these strategies as transactional, enterprise, self-service, and complex sales for low-value customers; for our purposes, we do not feel this fourth quadrant merits consideration. The quadrant your pricing falls into greatly impacts the feasibility and profitability of your business. For instance, being in the bottom left quadrant, which is the easiest to scale in, often results in acquiring a large number of low-value customers, limiting your methods of customer acquisition.



Pricing for value

When pricing your product, it is crucial to understand its inherent value to your customers. As an ophthalmic entrepreneur venturing outside of typical optometry or ophthalmology, you might be launching a product that enhances vision health or an innovative technology that modernizes eye exams or even a data-driven platform that connects patients with ophthalmologists. Whatever it is, understanding the value your product delivers and then positioning it correctly is paramount.

Keeping a focus on the job to be done, the problem to be solved, and the value that will be provided, consider the difference in perceived value for this pair of hypothetical examples:

Example 1: You have developed an eye health supplement. If you sell it simply as an "eye vitamin with essential nutrients," it might sound nice, but might not resonate deeply with potential customers. However, if you position it as a "lifeline for preserving vision in a digital age," the product's value appears far greater.

Example 2: You have created a tele-optometry platform for remote eye exams. Selling it as a "video call with an optometrist or ophthalmologist" may not adequately reflect its value. However, if you position it as “convenient, expert vision care from the comfort of your home,” it becomes much more appealing.

Often, companies design pricing structures based on the incremental costs to their business. Instead, consider centering your plans around the explicit value offered to the user. It’s this difference they’ll actually be willing to pay for.

If you can identify a challenge or pain point your product addresses that resonates with your target audience, you might not need to make significant changes to your product to increase its perceived value.

Remember, there are costs beyond just money associated with using your product. Customers invest time and effort into learning your product and integrating it into their lives or routines. They might also share sensitive data or change established behaviors. This adds to their overall “cost” and should be factored into your pricing and value proposition. When your customers express concerns over the cost of your product, they aren’t necessarily talking solely about its price tag. Understanding this broad definition of “cost” can help you better position your product and its value.

PRICING PRINCIPLES FOR YOUR PRODUCT

Incorporating the following principles into your pricing strategy can guide your discussions and decisions.

1. **Start charging sooner**: Early charging provides valuable feedback from paying customers who tend to focus on improvements rather than additions to the product.
2. **Charge more**: If your service provides invaluable benefits, don’t shy away from charging a substantial amount for it. After all, the value they receive is often far more than the price they pay.
3. **Ensure profitability**: Some costs, such as acquisition and support, are constant, regardless of your pricing plan. Make sure your lowest-priced plans still ensure profitability when accounting for scale.
4. **Iterate on your pricing**: Regularly review and adjust your pricing in line with changes and improvements to your services. Use surveys, focus groups, real-world negotiations, and conversion rates to determine whether the price you’re charging matches the value of providing.

In summary, there is no definitive guide for pricing. It is a continuous process of learning, adjusting, and making sure the value you provide is sufficiently rewarded. Start charging early, listen to your paying customers, position your product for the value it delivers, and keep refining your pricing model. After all, one of the most impactful tweaks you can make for your business’s profitability is in its pricing.

CHAPTER 5: LEGAL CONSIDERATIONS

Before diving into legal considerations, I'd like to caveat this section by reiterating that the most important part of starting up a business is building your product. Legal considerations are important, and you should be armed with the right information when making a decision on your legal structure, however, the most critical thing is not to allow analysis paralysis to derail any momentum.

However, if you are bringing on a partner or starting a partnership, we would recommend taking additional time to think about how the partnership will operate. This will be covered in more detail later in this chapter.

Though this section will provide you with some basic information about options for legal structures, it is best to consult with an attorney who can help you decide on the appropriate structure, based on your specific goals and needs. That being said, let's tackle some information to assist you along the way.

There are several different legal structures you can use to set up your business. Each has its benefits and drawbacks, is valuable under different circumstances, and will lead to different tax and operational requirements. Some of the structures available to you can be seen below, with a list of pros and cons for each.

CORPORATION TYPES

Sole Proprietorship:

A business that is owned and operated by one individual. This is a common option for small businesses. The owner has unlimited liability but also full control of the business.

Pros:

- Simplicity: It is easy to set up, and income is taxed on a personal level making it much simpler to complete a return.
- Full control: The sole proprietor has full control over their business and decision-making.

Cons:

- Unlimited personal liability: The sole proprietor has full liability against their personal assets, as opposed to other structures that protect a person's assets.
- Limited funding options: You're unable to have shareholders of a sole proprietorship, so, if you want partners or funding, you must change the structure.

Partnership:

A business with more than one owner. There are multiple forms of partnerships, including general, limited, and limited liability. Each offers differences in registration requirements, liability, and tax obligations.

Pros:

- Simplicity: Like sole proprietorships, partnerships are relatively simple in their nature. Partners report profits and losses on their individual tax returns.

Cons:

- Unlimited and shared liability: There are limited protections for the partners, and liability extends to the partners personally.
- Potential conflicts: Making decisions will need to go through the partnership, and you will need to figure out a way to move forward, especially if you're in a 50/50 partnership.
- Limited funding options: Due to the nature of liability within the partnership structure, a partnership is not as attractive to outside investors.

Limited Liability Company (LLC):

A hybrid of sole proprietorship, partnership, and corporation, an LLC could have multiple owners who are individuals, other LLCs, or corporations. The LLC does have its own tax obligations, but it also limits the liabilities of its owners.

Pros:

- Limited liability: Owners' personal assets are generally protected from business debts and liabilities.
- Flexibility: LLCs can choose to be taxed as a sole proprietorship, partnership, or corporation, which can provide tax advantages if carefully thought through.
- Simplicity: Less formal recordkeeping and compliance requirements compared to a corporation. No board of directors is required to add an additional layer of decision-making authority.

Cons:

- Self-employment taxes: Owners are subject to self-employment taxes on their share of profits since an LLC is a "pass-through" entity.
- Complexity in multiple states: Expanding an LLC across state lines may involve additional filings and fees.
- Perpetuity concerns: LLCs may have limited continuity if an owner departs or passes away.

C corporation:

A separate legal entity from the people who run it, which limits the liability of the shareholders. C corporations have tax obligations and require more governance and oversight from a board of directors.

Pros:

- Limited liability: Shareholders' personal assets are generally protected from business debts and liabilities.
- Access to capital: It is easier to attract investors by issuing stocks or shares.
- Perpetual existence and ownership flexibility: Corporations can continue operating even if ownership changes.
- Qualified Small Business Tax Exemption: Some corporations can qualify for a tax exemption at the point of sale.
- Flexible share class structures: C corporations can have multiple share classes with different rights for each class. This is very helpful when fundraising and for managing the control of the organization.

Cons:

- Double taxation: Corporations are subject to corporate tax on profits, and shareholders are taxed on dividends received.
- Regulatory requirements: There are extensive recordkeeping, reporting, and compliance obligations.
- Complexity and cost: Corporations require more formalities, such as shareholder meetings and bylaws.

S corporation:

Like a C corporation, an S-Corp is a separate legal entity from the people who run it, which limits the liability of the shareholders. Unlike a C corporation, an S corporation is not taxed at a corporate level, and profits (and losses) flow through to the shareholders. They are considered a pass-through entity when it comes to taxation.

Pros:

- Limited liability: Shareholders' personal assets are generally protected from business debts and liabilities.
- Access to capital: It is easier to attract investors by issuing stocks or shares.
- Perpetual existence and ownership flexibility: Corporations can continue operating even if ownership changes.
- Tax advantages: S corporations typically have favorable tax considerations compared to other structures.

Cons:

- Only a single share class is allowed, decreasing fundraising and decision-making flexibility.
- Regulatory requirements: Extensive recordkeeping, reporting, and compliance obligations.
- Complexity and cost: Corporations require more formalities, such as shareholder meetings and bylaws.

C-CORP VS. S-CORP—THAT IS THE QUESTION!

Here are some general considerations that may help guide the decision to operate as a C corporation versus an S corporation.

C corporation

Investment and growth: If you anticipate raising funds from venture capitalists or issuing different classes of stock, a C corporation is generally preferred. Many institutional investors will only invest in C corporations due to the favorable liability and stock structure.

Stock benefits: If you want to attract and retain top talent by offering stock options or other equity incentives, a C corporation is typically the best choice.

Going public: If you anticipate going public or selling the company, a C corporation can be advantageous.

Tax planning: C corporations can potentially take advantage of more tax deductions than S corporations. However, they are subject to double taxation; the corporation is taxed on its profits, and shareholders are taxed again on the dividends they receive.

Managing losses: In a C corporation, losses stay within the corporation. They can be carried back or forward to offset corporate profits in other years, but they don't pass through to the shareholders' personal tax returns. This means individual shareholders cannot use the corporate losses to offset other income on their personal tax returns.

Managing profits: C corporations can have multiple classes of stock, which allows more flexibility in profit distribution. For example, preferred shareholders could be paid dividends before any dividends are paid to common shareholders.

S corporation

Avoid double taxation: If you want to avoid double taxation, an S corporation might be a better choice. Profits and losses are passed directly to shareholders and are taxed at individual income tax rates. The business itself is not subject to federal income tax, only shareholders.

Managing losses: Shareholders can deduct their percentage of the corporation's losses on their personal income tax returns, essentially offsetting other income. This pass-through taxation allows shareholders to take advantage of business losses in the years when the corporation is not yet profitable.

Managing profits: S corporations can only have one class of stock (though there can be voting and non-voting shares), which means profits must be distributed to shareholders strictly based on their proportionate share ownership.

An example of why a company might choose a C corporation over an S corporation

Some high-growth startups opt for C corporation status even though they are subjected to double taxation. This is because their growth strategy involves raising a significant amount of capital and potentially going public, therefore, they want to take advantage of the benefits associated with a C-corporation status.

It's also important to remember that you can usually convert from an S corporation to a C corporation relatively easily, but going from a C corporation to an S corporation can be more complex and might trigger tax consequences.

GOING INTO BUSINESS WITH PARTNERS

If you do go into business with partners, it is important to establish your working relationship from the beginning. Below, we've outlined the most important factors to consider. Keep in mind, at an early stage, none of this is an exact science, and there is a high likelihood that early conversations can often cause emotional flare-ups and hard feelings. It's critical to ensure solid communication with your potential business partners at this stage.

Decision-making power

Entering a startup with partners is similar to going into a marriage. There are highs, lows, disagreements, and the necessity for open communication and trust. At the core of this partnership lies the decision-making power. How is it distributed? Who gets the final say? How are conflicts resolved? These are critical questions to be addressed as you embark on this venture. Without a clear understanding of who has what power, disagreements can escalate into conflicts that may threaten the very existence of the business.

Identify key roles and responsibilities

Each partner usually brings distinct skills and expertise to the table. It's important to recognize these individual strengths and to allocate roles accordingly. The key roles and responsibilities should align with the business's objectives and the partners' expertise. This will not only maximize efficiency but will also streamline decision-making. For instance, a partner with extensive marketing experience should have the authority to make significant marketing decisions. Be sure to document all of this on paper prior to moving forward too quickly. You'll want to revisit this document often.

Develop a decision-making framework

Startups often require quick, agile decision-making, so it's essential to establish a framework. This could include stipulating which decisions require consensus, which ones can be made independently, and which ones require a majority vote. This framework should be flexible enough to allow for rapid response to situations but structured enough to prevent impulsive, potentially detrimental decisions.

Legal framework

To safeguard the interests of all partners and the business, having a legal framework that outlines the decision-making power distribution, roles, and responsibilities is vital. This framework, often formalized in a partnership agreement, also provides a legal recourse in case of any disagreements or conflicts. Ideally, it will never come down to this, but, depending on your startup, this could be critical to outline early.

Ownership split and vesting schedules

How are you going to split up the equity in the company? Although 50/50 sounds nice, in practice, it can cause problems. Really think through the value that each partner is bringing in the beginning and what they will bring in the future. Your ownership split may be tied to decision-making power, and, in most circumstances, having one visionary leader who has the ultimate authority will help to make sure things always continue forward.

Should the founders vest stock over time? Stock vesting means that you have a specific amount of ownership promised, but it is earned over time and can be forfeited if you do not stay with the company. This ultimately helps to protect the individuals who continue forward in the company if it does not work out with one of the founders.

> If you are going to have a vesting schedule for your stock, it is critical that you talk to your accountant. There is a form called an 83b election that will help save you a lot of money in tax as you vest your shares over time. Essentially, an 83b election allows you to pay tax at the time you acquire your stock (when it has little to no value), rather than paying tax as it appreciates in value and vests over time. If you send in your 83b election, you will only owe tax on the gains at the time you sell your stock, at which point you can afford to pay the tax.

Additionally, if your company is a C corporation and has Qualified Small Business Stock (QSBS), taking the 83b election will start the five-year holding period for your QSBS stock earlier, rather than having to wait on the vesting schedule. If you plan on holding on to the company for more than five years, we would strongly encourage you to seek out advice on QSBS.

Stock rights and rules for separating if things go wrong

What will happen to stock if the founders don't get along and someone leaves the company? Do they keep all of their stock? Can the company buy back the stock from the founder who has left? If so, at what price? This is very important to establish in the beginning, or you could have a founder who has substantial equity but is not providing any value to the company. While we wish we could give you guidelines on the best way to prearrange this sort of thing, there is no easy one-size-fits-all. Speaking to a small business attorney will help you answer these questions.

Operating paperwork

There are a variety of agreements you'll need to enter into when you start a company with partners. The legal structure you choose will impact the agreements required.

If you are starting a corporation, some of the agreements you may need to have in place are:

Articles of Incorporation: This is the foundational document that establishes the corporation and includes information such as the corporation's name, purpose, registered agent, share structure, and initial directors. The Articles of Incorporation are typically filed with the appropriate government agency, such as the Secretary of State or Registrar of Companies.

Shareholders' agreement: A shareholders' agreement outlines the rights, responsibilities, and obligations of the shareholders within the corporation. It covers important matters such as share ownership, voting rights, decision-making processes, dispute resolution, dividend distribution, and buyout provisions. This document helps ensure a clear understanding and alignment among the partners and provides mechanisms for addressing potential issues that may arise.

Bylaws: Bylaws are internal rules and procedures that govern the corporation's day-to-day operations. They specify how meetings are conducted, the roles and responsibilities of directors and officers, the process for electing directors, and other operational matters. Bylaws provide clarity and guidance on corporate governance and are important for ensuring the smooth functioning of the corporation.

The above documents will outline the working relationship between you and your partners and the rules for bringing on new partners or investors in the future.

It is important to work with an attorney to set up your company paperwork, specifically if you are going into a partnership or will be seeking outside funding in the near future.

If you are just starting up by yourself, you should also seek counsel, but there is much less to think through and do when operating the company on your own.

In summary, if you're starting up with partners, it is best to spend time upfront thinking about your legal considerations and setting up guidelines for control and decision-making authority. Make sure you choose a good attorney to draft your operating documents—when you succeed, these will become very important! If you are starting on your own, work with your accountant to discuss the best tax strategy based on what you're looking to accomplish, and don't worry as much about the operating documents. You can always add or change those when you bring on partners because you will have full control at the point of change.

CHAPTER 6: FINANCE AND INVESTMENT CONSIDERATIONS

Grasping the financial intricacies of your business is a non-negotiable for every entrepreneur; finances form the underlying rhythm of your business, the beat that dictates its ebb and flow and whether it will fail or flourish.

Each stage of a business ushers in a unique set of fiscal considerations, presenting the entrepreneur with a constant flux of challenges and opportunities. But our compass for this exploration will point to one specific epoch—the dawn of your enterprise: the early start-up phase. It is at this juncture when understanding your business's finances transcends from being merely a matter of critical thought to an absolutely fundamental practice.

Funding your business

Choosing how you fund your business is a big step and one you should consider carefully. When making this choice, you need to think about your goals and the requirements for your organization, particularly in the beginning phase.

The best way to fund your business from the beginning is through sweat equity—doing the work yourself. If you are developing a product, don't worry about engineers and engineering costs; start out by thinking through the product and trying to build a prototype by yourself. If you don't want to or don't feel comfortable with technical development, you may want to look for a technical co-founder who is also looking to put in sweat equity. If you don't want a partner and you have capital, invest your own money to find others who can help you build your product before going to the outside world for funding with just an idea.

Once you gain some traction or have a track record and are ready to take it to the next level, there are several options to find additional funding for your business.

Friends and family

Friends and family can be a good source of investment for your company. But, due to the nature of mixing business with relationships, be cautious when taking money from friends and family—make sure everyone is comfortable with losing all of their money, because that is always possible. Here at Eyes On Eyecare, the only money we ever raised when starting up was $200,000 from friends and family. We never oversold it and always underscored how risky the investment was. Maintaining positive relationships was more important than the business, so it was critical to make sure they knew that.

SBA loans and bank financing

Banks are a great source of capital, especially if you have a proven business model and are generating cash. Banks can provide both term loans or lines of credit, depending on your business needs. Banks will likely have you guarantee the loans personally, so it is important you don't overleverage yourself initially and that you understand your path to pay back the money.

Lines of credit are a versatile financing option for established businesses, offering flexibility to manage fluctuating cash flow. A line of credit is like a very large credit card with a much lower interest rate. A line of credit will typically have variable interest rates. You can borrow up to a set limit, repay, and re-borrow as needed. Lines of credit often require personal guarantees and pose the risk of continuous borrowing without a clear repayment strategy.

Angel investors

Investors are always looking for a great opportunity. These are typically high-net-worth individuals who provide capital for startups, often in exchange for equity or convertible debt. Angellist.com is the largest website to find Angel investors, and they will often bring not just money but also industry expertise, strategic guidance, and networking opportunities to the table. Though you may have to search far and wide, if you are willing to put yourself out there, are persistent, and don't mind networking and pitching, finding investors that will hear out your pitch is a path you can go down.

Unlike venture capitalists, who are typically part of a professionally managed firm and invest pooled funds in later-stage businesses, angel investors invest their own personal funds, usually at the earlier stages of a startup. Their investments are typically smaller than those made in a Series A funding round by venture capitalists, and they're often more willing to take risks on unproven business models. While angel investors offer immense potential for capital and mentorship, it's crucial to understand their expectations. They invest in the hope of substantial returns, and, as such, they'll want to see a clear path to profitability or a successful exit strategy. Also, keep in mind, by giving equity to an angel investor, you'll be sharing a slice of your company's future profits and potentially diluting your own ownership.

If you are considering taking on an investment of pretty much any type, you will need to decide on the structure of the investment and determine how the investors will make their money back. Here are some thoughts and types of investment structures.

Convertible note

Convertible notes are debt instruments that can convert into equity at a later stage, usually during a subsequent funding round. They offer a way for startups to raise funds quickly without determining a specific valuation early on. This may be a good option for early investors, as long as you understand the implications of taking funding through a convertible note; the investor can demand to be paid out as a loan, which can have a major impact on your company's cash flow. An alternative to a convertible note is a SAFE (Simple Agreement for Future Equity) agreement, which is similar to a convertible note but does not have a debt component.

Stock grant

A stock grant involves simply selling someone's stock at a specific price. Although this is a simple transaction, it is difficult to set a value at the beginning when you are starting up, and a more sophisticated investor may prefer either a convertible note or a SAFE. If you do agree on a price with someone—like friends and family—and want to go with a simple stock grant, you may also want to think about preferences for the stock to make it more appealing. For example, you can create an agreement where your friends and family investors receive "preferred shares," which provide preference on dividend payments. That way, the initial investors are able to get their principal out of the company through early profits. This may not be a good structure, however, because it could drain the company's resources if not executed correctly.

Stock voting rights and board positions

If you set up a corporation, voting rights and board seats will become very important in regard to control and decision-making power. Some investors may want to have stock that contains voting rights, or they may want a seat on the board. If you sell shares and lose control of more than 50% of the board votes or 50% of the share vote, you may be hampered down the line or even removed from your company at some point in the future.

Outlining your revenue model

Your revenue model is a main driver of your business, particularly once you begin to gain traction. In the beginning, experimenting is OK, but we recommend deciding on one revenue model and moving forward faster rather than analyzing different models to try and optimize from the start. You don't know what the market will think or how it will act until you get your product out there. You can always pivot and change up your model as you grow and learn more about your market and your customers.

There are endless amounts of revenue models, but here are a few to get the thought process started:

- **Product sales:** This revenue model involves selling physical or digital products directly to customers. It can include one-time sales, repeat purchases, or subscriptions.
- **Subscription model:** Under this model, customers pay a recurring fee at regular intervals to access a product or service. It offers predictable revenue and can foster customer loyalty.
- **Advertising:** Businesses generate revenue by displaying advertisements on their platforms, such as websites, apps, or publications. Revenue is generated based on the number of ad impressions or clicks.
- **Freemium model:** This model offers basic features or services for free to attract a large user base. Additional premium features or content are offered for a fee, encouraging users to upgrade.
- **Licensing:** Businesses earn revenue by granting others the right to use their intellectual property (i.e., trademarks, patents, or copyrights) in exchange for royalties or licensing fees.
- **Affiliate marketing:** This model involves earning a commission by promoting and referring customers to another business's products or services. Revenue is generated when a referral leads to a sale.
- **Transaction fee model:** This model is often employed by marketplaces where the platform charges a fee for each transaction made through it. Examples include eBay and Etsy, which take a percentage from each sale made by sellers on their platform.
- **Data monetization:** Some businesses, particularly those in the tech industry, generate revenue by gathering, processing, and selling data. This could be user data, industry-specific data, or any other type of valuable data.
- **Professional services/Consulting:** In this model, companies offer specialized services on a contract basis. This can range from business consulting to technical services.
- **Rent or lease:** Businesses that own valuable assets, such as property or equipment, can generate revenue by renting or leasing those assets to others.
- **Donations/Crowdfunding:** This model is often used by nonprofits, open-source software, creators, and startups. Revenue is generated through voluntary contributions from supporters or the public.

Nowadays, you will see companies mixing and combining revenue models to create new hybrid models. For example, a company like Due to its scale, Apple is an extreme example, however, you do see hybrid models coming up more frequently. They not only have subscription music services but also platform fees and licensing sales within their products. Apple is an extreme example ue to its scale, Apple is an extreme example, however, you do see hybrid models coming up more frequently.

Exploring a more simple example, let's take something like a Golf Launch Monitor. Launch monitor companies will typically sell their device with basic features and then subscriptions to unlock more advanced features. This is done through licensing different software used on their hardware (device).

For your business, you may start with a freemium model, but, after realizing it isn't doing enough to attract new users, choose to switch to a subscription model with a free trial. Or you may start by selling a product but realize that a licensing deal to a large company is a faster and more streamlined way to generate sales.

At Eyes On Eyecare, we employ over five different revenue models to drive our business. In the early days, when we had just one product, we went from Freemium to Subscription to Services over several years. We even found out that our customers were happier with subscriptions than they were with our free services because we were able to offer great customer service and a more hands-on experience. It was all part of finding product-market fit, but we eventually got there...even though it was painful!

Your revenue model may change over time, and it is important to review your results, see what is working, adapt to changing environments, and, most importantly, frequently engage with and listen to your customers. Changing your revenue model or pricing strategy is common and happens constantly. As your business and offerings evolve, you may go through several iterations of your revenue model and pricing—know that is a natural part of starting up.

UNDERSTANDING FINANCIAL METRICS

Gross profit vs. net profit

The ultimate goal of a company is to generate value. From a business perspective, that usually comes in the form of shareholder's equity and net profits. When you hear people talk about profit or margins, you may hear the term gross and net.

Gross profit is the revenue generated by a company after deducting the Cost of Goods Sold (COGS) or, if it is a service business, the cost to deliver the service. It represents the amount of money left over from sales after accounting for the direct costs associated with producing or delivering the goods or services. Gross profit does not include operating expenses, such as salaries, rent, or marketing expenses. It is a measure of the profitability of the core operations of a business.

The formula for calculating gross profit is: Gross Profit = Revenue - Cost of Goods Sold.

Net profit, on the other hand, represents the remaining profit after deducting all expenses, including both the COGS and operating expenses, from the company's total revenue. It provides a comprehensive view of a company's profitability, considering all costs incurred in the process of running the business. Net profit takes into account not only the direct costs of producing goods or services but also indirect costs, such as marketing, administration, taxes, interest, and other operating expenses.

The formula for calculating net profit is: Net Profit = Revenue - Cost of Goods Sold - Operating Expenses - Taxes - Interest.

Rather than net profit, a better indicator of the performance of a company is referred to as EBITDA, or Earnings Before Interest Tax Depreciation and Amortization. This metric focuses on the core function of the business and dismisses the components unrelated to the core operation.

In summary, gross profit reflects the profitability of a company's core operations before considering other expenses, while net profit and EBITDA provide a more comprehensive view of the company's profitability by including all operating expenses. Net profit is the final amount of money that remains after accounting for all costs and expenses and represents the true bottom line of a company's financial performance.

When you are just starting out, it is more important to focus on the gross profit and your cash flow rather than your net profit. As you scale, you will go through stages where it becomes less expensive (in terms of operating costs) to run your business and other times where it becomes more expensive to run your business; this could be when you are adding on a layer of directors, managers, or potentially a finance or accounting department. However, ultimately you will become more profitable as you scale, as long as your gross margins are healthy.

Why shouldn't you be focused on net profit?

Depending on how you are accounting in your business, profit can be deceiving. In addition, you may want to invest in growth faster in the beginning, which will eat further into your profits. Net profit doesn't always provide a comprehensive perspective of your company's financial health, nor does it necessarily align with the strategic objectives of a growing startup. If you have command of your cash flow, you will be in a better position to understand the amount of investment risk you can take while ensuring that you don't make the one big mistake: running out of cash.

Reasons why net profit is not always the most important indicator

Firstly, the accounting practices you adopt in your business could potentially distort your net profit figure. For instance, non-cash expenses, like depreciation or amortization, although reducing your net profit, do not affect your cash flow. In contrast, cash-based expenses, such as inventory purchases, though impacting cash flow, may not immediately impact net profit due to how they're accounted for over time.

Secondly, as a startup, you are often in a phase where rapid growth and market capture are your primary goals. It's not uncommon for successful startups to operate at a net loss for several years, reinvesting all revenues back into the business to fuel growth, build their customer base, and gain a competitive edge. Amazon, for example, famously prioritized growth over profit for many years and now dominates multiple markets.

Cash flow is the lifeblood of your business, and having a firm grasp on your cash inflows and outflows is crucial to maintaining your business's solvency and assessing the degree of risk you can take.

In essence, while net profit is an important measure, it's not the be-all and end-all. Early-stage startups, in particular, need to balance the pursuit of profitability with the necessity of growth, being always mindful of maintaining healthy cash flow. Remember, you can have a profitable company on paper yet still run into trouble if your cash flow is negative. Likewise, you can run at a net loss while strategically positioning your company for future success. As the adage goes, "Revenue is vanity, profit is sanity, but cash is king."

Managing your cash flow

Managing cash flow effectively is essential during all phases of your business and, in particular, during the start-up phase. Cash flow refers to the movement of money in and out of the business. Entrepreneurs must carefully track their cash inflows and outflows to ensure they have sufficient funds to cover expenses and keep the business running smoothly.

This includes monitoring accounts receivable, managing inventory levels, negotiating favorable payment terms with suppliers, and establishing efficient billing and collection processes. By maintaining a healthy cash flow, entrepreneurs can navigate the initial challenges of a startup and position their businesses for growth and sustainability.

There are many tools out there to help manage cash flow. However, we find the most effective tool to be a spreadsheet. A spreadsheet's flexibility can be both a pro and a con, but once you become familiar with what you need to do and how to do it, a spreadsheet will allow you to have the adjustability to project your cash flow and build out models based on a variety of factors.

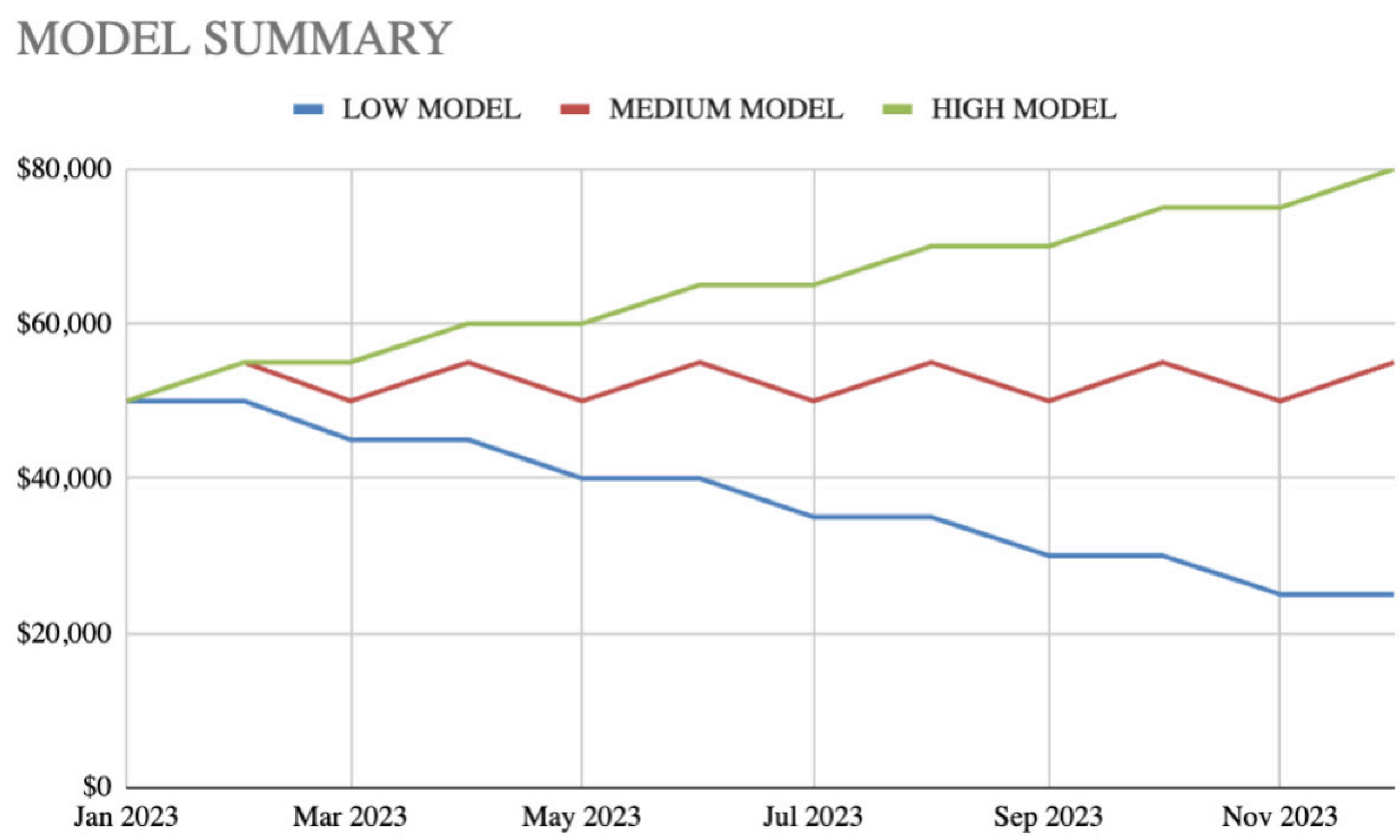
We always recommend running cash flow scenarios on expectations that are just a bit lower than your lowest expectations. This will help you understand what level of risk you are taking with any new investments and how much capital you may need to raise to get you through any downtimes.

To build out a cash flow model in a spreadsheet, we would recommend the following:

1. Create a sheet where you can add your expected cash collections per month. It is important to note that this is cash collections and not revenue. "Cash" can mean credit card, ACH, or any form of payment that will enter your bank account within a few days. Make three versions of cash collections for low, medium, and high. You can begin with your base case as a medium model and then have the low and high models calculated off of a single-cell controller that is simply a % decrease for the low model and a % increase for the high model.
2. Create a sheet where you can add your expenses. Add a second area where you can add on expenses over time if you anticipate growth.
3. Create a sheet that has your current cash position. The starting point for the sheet should be your current cash balance minus any short-term debt (most likely just your credit card balance or any unpaid invoices). We like to subtract these from the beginning to provide a little extra cushion and not rely on that short-term debt as current cash. This is a little more conservative, and you can decide if you'd like to use your cash number or the adjusted cash number.
4. Subtract each month's expenses from collected cash and then add that to the previous month's cash position. Project this out over 24 months. Projecting any further out is unproductive.

This will show you where your cash will be

LOW	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Revenue	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Expenses	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000
Profit	$0	-$5,000	$0	-$5,000	$0	-$5,000	$0	-$5,000	$0	-$5,000	$0	-$5,000
Cash	$50,000	$50,000	$45,000	$45,000	$40,000	$40,000	$35,000	$35,000	$30,000	$30,000	$25,000	$25,000
MEDIUM	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Revenue	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000
Expenses	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000
Profit	$5,000	-$5,000	$5,000	-$5,000	$5,000	-$5,000	$5,000	-$5,000	$5,000	-$5,000	$5,000	-$5,000
Cash	$50,000	$55,000	$50,000	$55,000	$50,000	$55,000	$50,000	$55,000	$50,000	$55,000	$50,000	$55,000
HIGH MODEL	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Revenue	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Expenses	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000	$10,000	$15,000
Profit	$5,000	$0	$5,000	$0	$5,000	$0	$5,000	$0	$5,000	$0	$5,000	$0
Cash	$50,000	$55,000	$55,000	$60,000	$60,000	$65,000	$65,000	$70,000	$70,000	$75,000	$75,000	$80,000



over time, so you can look at different scenarios to ensure you have ample cash to survive any downtime and also see what decisions or investment power you may have if you really do well (in the high model).

As you grow and get more familiar with your numbers, your cash flow model can evolve, and you can have more specific inputs. You can increase the number of variables that you want to have control over, and you can really take advantage of understanding what your cash position will look like at different points in the future.

How to think about hiring new team members from a financial perspective

Depending on your business, the team may be one of the largest investments you make for your company. Bringing on great people is challenging in the beginning, since you are typically limited in the number of resources you have.

Three tools to help attract new team members and incentivize top performance are:

1. **Profit share:** Allow your team to share in the profits as a bonus at the end of the year. Structure a plan that incentivizes the whole team to think about profit and growth.
2. **Stock options:** Give your team the opportunity to vest stock options over time. A typical stock vesting schedule could be five years. There are software programs such as Carta that can help you manage your cap table if you have multiple shareholders or are offering stock options.
3. **Additional benefits:** Benefits such as remote work, extra PTO, and flexible work schedules are becoming more and more valued nowadays. Individuals will take less salary for the opportunity to have flexible benefits, if it suits their lifestyle.

When creating your hiring plan, it is important to forecast the cost of salary, tax, and any other associated expenses, such as equipment. Also, if you are looking at productivity—let's say for a salesperson— you must take into account that they won't be fully productive from day one. Therefore, it is wise not to add fully productive revenue into your cash calculations until three, six, or nine months down the line, depending on the nature of your business.

The basics in this chapter should get you started. The main take-home message: There are many options for financing your business, and the one that is right for you will be determined by your goals and tolerance for personal risk. Focus on cash flow and gross margin in the beginning, and you will be able to finetune profits later down the road once you get through your main growth periods.

CHAPTER 7: BUILDING YOUR TEAM

The foundation of every startup is not the concept or the capital, it's the team. You may have a groundbreaking idea and sufficient funds to kickstart your venture, but if you don't have the right people working on it, your business may never reach its full potential. For optometrists or ophthalmologists looking to set out on an entrepreneurial journey revolving around innovative ideas in the eyecare space, building the right team is critical.

THE IMPORTANCE OF YOUR START-UP TEAM

A common misconception in the start-up world is that a brilliant idea followed by hard work from the co-founders is a surefire path to success. However, this approach can lead to numerous pitfalls. For one, your startup could crumble if you bring the wrong people on board. With small teams, each new hire has a considerable impact. A bad hire could delay your growth, lead to missed opportunities, or worse, bring your entire operation to a halt.

Hiring the right people will not only help your startup avoid these issues but will also attract other talented individuals who aspire to work with high achievers. What you offer in terms of salary, a compelling mission, or interesting problems to solve may be equally matched by numerous other startups. However, the unique quality and character of your team members cannot be replicated by competitors.

THE HALLMARKS OF EXCEPTIONAL TEAM MEMBERS

In building a strong foundation for your startup, you need to identify what qualities make an exceptional team member.

Below are some of the traits that set apart the extraordinary from the merely good.

Ambitious and determined: Exceptional team members are not content with mediocrity. They aspire to achieve great things and persist in the face of setbacks. They continuously push themselves, their teammates, and you towards bigger accomplishments.

Simplifiers: Great team members can distill complex ideas down to their simplest form. They understand that achieving greatness involves many small steps, and they work towards making things simpler and easier to manage.

Team players: These individuals know how to make those around them better. They are good teachers, generous in assisting with challenges, and patient. They strive to enhance the skills and competencies of their colleagues.

Value-driven: Outstanding team members are customer-focused and efficiency-driven. They understand what's valuable to your business and to your customers, and they always strive to deliver on those values.

Positive and creative: They view challenges as opportunities for growth. When things are tough, they rise above difficulties, offering innovative solutions instead of dwelling on problems.

HIRING THE EXCEPTIONAL TEAM

Assembling a team of remarkable individuals is challenging, especially when you're trying to gauge a candidate's potential impact on your startup. There are, however, signs to look out for during the hiring process.

Culture contribution: It's important to find team members who can contribute positively to your culture and not just fit into it. Cultural fit can often devolve into hiring clones, which limits diversity and stunts growth. Instead, seek candidates who can add new perspectives and strengths to your team. Be clear about your company's values and ensure your prospective hires share these. Ask for specific examples from their experience to understand how they might behave in your company.

Response to challenges: Early-stage startups often face numerous obstacles. As such, it's essential to find candidates who can cope with uncomfortable situations and respond positively when things go wrong.

Specialization or generalization: Depending on the stage of your startup, you might need generalists (individuals with a broad range of skills) or specialists (people who possess deep knowledge in a particular area). Generalists can often pivot and adapt to various roles as needed, while specialists can provide in-depth expertise and help refine specific aspects of your business.

At Eyes On Eyecare, we were all "Jack of All Trades, Master Of None" in our early days, but, as we grew, we added very targeted specialists. This is likely a good path to follow. The key when hiring generalists is to look for ambition, drive, determination, and a "figure it out" mentality.

Once you get your first people in the door, you're going to have to focus on their growth. No one wants to sit around in the same role with the same duties, title, and compensation. They'll leave in a heartbeat. Here at Eyes On Eyecare, we use a growth matrix to guide employee growth. This is a comprehensive system that outlines the core competencies and levels of expertise for each team member in our organization. It serves as a tool to evaluate and measure the skills, responsibilities, and growth potential of individuals within our team.

This matrix plays a vital role in determining job titles, compensation, and duties, based on the level of competency achieved. By clearly defining the competencies and levels, the growth matrix provides a structured framework for career progression which fosters professional development and aligns individual goals with the overall objectives of the company.

It enables team members to understand their current standing, identify areas for improvement, and map out a path for growth within the organization. This system promotes transparency, accountability, and a shared understanding of the expectations and capabilities required to succeed at each level. Furthermore, managers are responsible for meeting monthly with their team members to discuss where they are in the matrix.

Here are the competencies we use:

- **Expertise:** The experience, knowledge, and skills it takes to do the work
- **Scope:** The goals one is responsible for and level of autonomy
- **Job complexity:** Ability to apply strategic thinking to work
- **Collaboration:** How one interacts with and supports others as they do their work
- **Communication:** How one talks about and shares work with others
- **Growth mindset:** How one seeks to learn, improve, and give and receive feedback
- **Team and culture:** Team-building work (recruiting, mentorship, culture)
- **Development:** One's ability to develop and grow their team
- **Responsibility:** What work for which one is accountable

Here is an example of how this looks in practice:

Competencies	Level 1 Entry	Level 2 Developing	Level 3 Specialist	Level 4 Advanced	Level 5 Expert	Level 6 Principal
What						
Expertise The experience, knowledge, and skills it takes to do the work.	• You have practical experience in your role and are developing a more specialized skill-set in particular areas. • You have an understanding of how your department operates. • You make effective decisions related to your projects.	• You have experience with specialized skills in a particular area or broad experience across your function. • You have a strong understanding of how your department operates and/or have specialized skills in a particular area. • You make effective decisions related to your area of expertise.	• You have substantial experience with proven expertise in your field. • You have a deep understanding of your domain and a broad understanding of how the company operates. • You make effective decisions that have an impact within and outside of your domain.	• You have comprehensive experience in your field and are recognized as a subject matter expert. • You have a deep understanding of how the entire company operates, including cross-departmentally dependencies. • You make critical decisions based on your knowledge inside and outside the company.	• You have a deep and comprehensive experience in your field, with proven ability to drive business strategies and company's goals. • You are an influential leader with proven experience developing teams and setting strategic goals for your department and the company. • You have a proven understanding of how the industry operates. • You are the final decision maker on highly-nuanced and impactful situations for your department and at times, the company.	• You have proven experience defining long-term vision and strategy that drives the company forward. • You are an inspiring leader who can clearly communicate the company vision and goals. • You have demonstrated external credibility in your field and actively invest in thought leadership within your area of expertise. • You are the final decision maker on highly-nuanced and critical situations for the company.

By utilizing the growth matrix, you can effectively manage talent, build a strong team, and cultivate a culture of continuous learning and development.

In the beginning, it may be difficult to predict and determine what a growth path for new employees looks like. The key here is to operate with integrity, be open and honest about how you are thinking about each person's future, and ensure there are clear and open lines of communication for discussing growth with your early team members. As your organization grows and becomes more specialized, implementing a system like the growth matrix will make management and decisions about promotions and raises much more streamlined.

HIRING TIPS FOR OPHTHALMIC ENTREPRENEURS

When you're just beginning your journey as a startup in the eyecare space, the importance of creating the right team cannot be overstated. You, as an eyecare professional, are blessed with a network of other professionals in your field, including healthcare specialists and even tech enthusiasts, who might be intrigued by your venture or have someone in mind who would be. It's through this diligent networking that you could discover high-quality candidates, who come not just with a shiny resume, but also with the seal of trusted recommendations.

When we started building the team at Eyes On Eyecare, we didn't care at all about the experience you had.

We looked for:

1. A ruthless "crush it" mentality and a track record to prove it
2. Putting the company as the #1 or #2 priority in their life
3. The desire to learn how to solve any problem and solve it well

In this quest for finding your team members, there's something to be said about the kind of people you should seek out. There's an inherent charm to those individuals who are passionate about eyecare. You'll see a spark in their eyes at the mere mention of the transformative power of technology in this field. It's these people who will stick around and keep the wheels of your startup turning, even when times get challenging. Their motivation isn't a passing whim but an enduring investment in the success of your endeavor.

It's relatively easy to fill gaps in a candidate's skill set with training, but teaching someone to adapt their attitude or blend into the company culture is a task even Sisyphus wouldn't envy.

And while you're considering potential team members, don't forget the interns. Often overlooked, these bright-eyed individuals are wellsprings of innovative thoughts, contemporary perspectives, and infectious enthusiasm. They could be willing to jump into your startup for the sheer experience or perhaps a modest stipend, giving your startup some leeway in managing costs. If they turn out to be the right fit, they could mature with your company and eventually become full-fledged members of your team.

As you assemble your team, remember that not every role necessitates a full-time hire, especially in the early stages of your startup. Non-core functions, like accounting, legal counsel, and certain facets of marketing or IT, can be outsourced. This approach not only reduces your staffing needs but also allows your core team to channel their focus on the primary objectives of your business.

The building blocks of a successful team aren't assembled overnight. It's a test of patience to find the right people who fit together just right—but, when you do find them, they become the driving force behind your startup's propulsion to success.

INTERVIEWING: ADAPTING THE "WHO" METHOD

Here at Eyes On Eyecare, we tried all sorts of interview methods and 100% of them failed us...until we read *WHO: The A Method for Hiring* by Geoff Smart. The book puts forth a simple, practical, and effective method for hiring the right people. The WHO Method uses a four-step process: Scorecard, Source, Select, Sell. We have customized the process for Eyes On Eyecare.

Scorecard

This document describes exactly what you want a candidate to accomplish in a role. It's more than a simple job description; it outlines the mission for the position, the outcomes that must be accomplished, and the competencies that fit with both the role and your company's culture.

For an eyecare startup, the scorecard could include outcomes like developing a new eyecare product within a specific time frame, securing partnerships with other healthcare entities, or driving a certain amount of sales. Competencies might include innovation, adaptability, team collaboration, and a strong customer focus.

Source

Smart advises thinking of sourcing as "farming" rather than "hunting." This means nurturing a network from which you can source potential candidates, rather than scrambling to fill a position when it becomes vacant.

Building strong relationships within the ophthalmic industry; attending industry events and conferences, and staying connected with former colleagues and classmates are ways to maintain a rich network. Then, when a position opens up, you already have potential candidates in mind.

Select

The WHO Method recommends a thorough selection process involving a screening interview, a focused interview, and reference checks.

Screening interview: This is a short, initial interview to gauge a candidate's fit for the role. It's a quick way to get to know the candidate's career goals, successes, and failures. For your startup, this could be a phone or video call to assess the candidate's interest in eyecare innovation, their understanding of the industry, and their compatibility with your startup's mission.

Focused or topgrading interview: This interview delves deeper into the candidate's skills and experiences. It's an opportunity to ask about the outcomes the candidate has achieved in previous roles and how those experiences can translate to your startup. At this stage, you can also assess their problem-solving abilities, creativity, and how they handle challenges.

The core pieces of a topgrading interview are employment history, future aspirations, and self-evaluation.

Core questions of a topgrading interview

1) Employment history: For each of the candidate's previous full-time jobs, starting with the earliest and moving to the most recent, you can pose the following questions:

- Could you share some remarkable achievements and how you accomplished them in this role?
- Everybody encounters challenges; could you tell me about some missteps or obstacles you faced while in this role and how you addressed them?
- Could you provide the name and title of your immediate boss at this job? Would you be comfortable with us reaching out to them?
- What was your experience like working under this superior? Could you share what you believe were their strengths and potential areas for growth?
- How do you think your boss would honestly rate your strengths, areas for improvement, and overall contribution?
- For those who held managerial roles:
    - Can you describe the team you stepped into?
    - What alterations did you implement?
    - How many top performers, average, and below-average performers did you end up leading?
    - Could you name and assess one previous team member from each category?

During this portion of the topgrading interview, the key is to probe deeper and deeper to cross examine statements and make sure the full story matches up. Ask things like "Can you tell me more?" or "What do you mean by ___?" or "You said ___, how would you bring that to this new role?"

Future aspirations and goals:

- What does your long-term career path look like? What do you aim to achieve?
- How does this role help you get there?

Self-evaluation: We'd love to hear a comprehensive self-assessment from you. Starting with your strengths and positive traits, what are the qualities you appreciate about yourself? In what do you believe you excel? Conversely, what areas do you believe require growth or enhancement?

Reference check: Smart emphasizes the importance of checking references, advising that you personally make the calls to ensure you get a clear picture. He recommends asking references about the candidate's performance, their strengths and weaknesses, and whether they would hire the candidate again.

Sell

Once you find your ideal candidate, the final step is to sell them on your company. Smart suggests selling the candidate on five aspects: the company, the people, the job, the opportunities, and the compensation.

For your ophthalmic startup, you can sell potential hires on the innovative work your company is doing, the experienced team they'd be working with, and the impact the role has on the company. Highlight growth opportunities within the startup, the chance to shape the future of eyecare, and a competitive compensation plan.

Using the WHO Method can increase your chances of hiring the right people for your team. The process ensures you are clear about what you need, you source from a pool of qualified candidates, you select based on comprehensive evaluation, and you close the deal by selling your company effectively. By following these steps, you can build a team that's equipped to drive your eyecare startup to success.

THE FINAL STAGE OF THE INTERVIEW PROCESS

At Eyes On Eyecare, we have a final step in our interview that aims to provide a touch of authenticity and filter out the candidates that won't fit our culture. Here at EOE, we're pretty ruthless when it comes to winning, and we're exceptionally dedicated to our work. Therefore, we want to filter out those who won't fit. So, as part of the last stage in our interview, we will provide an unfiltered view of the organization to the candidate, delivered with quite a bit of enthusiasm.

It will usually sound something like this:

Just as the 1996 Chicago Bulls epitomized the relentless pursuit of excellence under the leadership of Michael Jordan, we, too, share a similar work ethic. We're tireless, resolute, and deeply committed to our mission. We champion success and winning, not as a fleeting moment of glory, but as a steadfast habit cultivated daily.

We have an unyielding commitment to excellence, are tireless in our endeavor to revolutionize eyecare publishing and media, and relish the exhilaration that accompanies our wins, large and small. But it's crucial also to recognize the sweat and long hours invested behind the scenes. The rigorous training sessions, the relentless practice, the meticulous strategizing—that's our everyday reality.

This open narrative isn't to dissuade you. Rather, it's to ensure you understand that, at Eyes On Eyecare, we're seeking players who are ready to commit, ready to play their hearts out every game, and ready to push boundaries and grow beyond them. You should only join if you, too, share our voracious hunger for success and the grit to persevere. If you want to work hard and be on the winning team, then come join us, but if this company isn't going to be the #1 or #2 priority in your life right now, this isn't for you.

For some, this might be intimidating, and that's perfectly okay. Our candid conversation is designed to reveal the essence of our ethos and to ensure alignment. We don't shy away from the fact that we might not be the right fit for everyone.

And this transparent approach has a two-fold advantage. First, it helps us attract individuals who align with our ethos and are ready to shoulder the mantle of our mission. They don't just hear about our commitment, they feel it, and they're ready to match it. Secondly, it also acts as a filter. Those who are seeking a less intense environment understand that this might not be their ideal place. This transparency ensures we're not just attracting talent, but the right talent, contributing to a focused, motivated team ready to take on the world—just like the '96 Bulls.

BECOMING A MANAGER

In the words of Bill Gates, "Everyone needs a coach. It doesn't matter whether you're a basketball player, a tennis player, a gymnast, or a bridge player. We all need people who will give us feedback. That's how we improve." As managers transition into the role of coaches, they can significantly improve the performance, engagement, and satisfaction of their team members.

Here, at Eyes On Eyecare, when our team members go from independent contributors to managers, we often educate them that management is really just being a leader and a coach. If they can do that, they're on the right path. No wonder so many greats agree!

"THE BEST LEADER IS THE ONE WHO HAS SENSE ENOUGH TO PICK GOOD PEOPLE TO DO WHAT HE WANTS DONE, AND SELF-RESTRAINT TO KEEP FROM MEDDLING WITH THEM WHILE THEY DO IT."

- Theodore Roosevelt

“A GOOD COACH CAN CHANGE A GAME. A GREAT COACH CAN CHANGE A LIFE.”
- John Wooden

“MANAGEMENT IS NOTHING MORE THAN MOTIVATING OTHER PEOPLE.”
- Lee Iacocca

To keep this section brief, here are our top six management tips:

1. **Promote continuous learning:** As a coach, managers should foster an environment that encourages ongoing learning and professional development. This includes providing team members with opportunities to expand their skill set, learn new things, and grow within the organization.
2. **Provide constructive feedback quickly:** Effective coaching involves providing feedback that is constructive and supportive. It’s about highlighting areas of improvement while also acknowledging the strengths and successes of your team members. Also, don’t wait until your scheduled check-in or 1:1, give the feedback immediately. This sets a culture of transparency and open communication.
3. **Encourage autonomy:** Coaches don’t do the work for their team, they equip them to do it themselves. Managers, as coaches, should work to delegate effectively, entrust responsibilities, and provide their team with the autonomy to take ownership of their tasks.
4. **Develop a relationship of trust:** Trust is the foundation of any coaching relationship. Managers should establish a relationship of trust and mutual respect with their team members. This includes being reliable, keeping promises, and demonstrating a genuine interest in the team’s well-being and success.
5. **Focus on strengths:** A great coaching technique is to focus on the strengths of each team member. By identifying and developing these strengths, managers can help their team members reach their full potential and contribute most effectively to the team’s success. Here at EOE, we don’t worry about people’s weaknesses all that much; we focus on maximizing one’s strengths and then delegating one’s weaknesses.
6. **Lead by example:** Managers who act as coaches must be prepared to lead by example. This includes demonstrating a positive attitude, strong work ethic, and commitment to the organization’s values and goals.

CHAPTER 8: COMPANY PRINCIPLES AND VALUES

At Eyes On Eyecare, the compass guiding our journey is our shared principles and values. Our ethos—our fundamental approach to navigating the complex terrain of the business world—is largely inspired by the seminal work, *Principles* by Ray Dalio.

As founder of one of the most successful investment firms in the world, Bridgewater Associates, Dalio has distilled his wisdom and insights into this remarkable book. It not only encapsulates Dalio's unique approach to life and work but also encourages organizations to cultivate their own unique set of principles.

In the book, Dalio talks about creating an "Idea Meritocracy," which is a system that brings together smart, independent thinkers and has them productively disagree to come up with the best possible collective thinking and resolve their disagreements in a believability-weighted way. An idea meritocracy is a decision-making system where the best ideas win out. It holds people accountable based on reality, not on opinions, authority, or organizational structure. It creates a flat organizational structure, while still allowing for a leadership-driven organizational chart.

To have an idea meritocracy, one should follow these steps:

1. Put your honest thoughts on the table.
2. Have thoughtful disagreements.
3. Abide by agreed-upon ways of getting past disagreements.

There is also a formula for creating an idea meritocracy: Idea Meritocracy = Radical Truth + Radical Transparency + Believability-Weighted Decision-Making

Radical truth

Not filtering one's thoughts and one's questions, especially the critical ones. If we don't talk openly about our issues and have paths for working through them, we won't have partners who collectively own our outcomes.

Radical transparency

Giving most everyone the ability to see most everything. To give people anything less than total transparency would make them vulnerable to others' spin and deny them the ability to figure things out for themselves. Radical transparency reduces harmful office politics and the risks of bad behavior, as bad behavior is more likely to take place behind closed doors than out in the open.

Believability-weighted decision-making

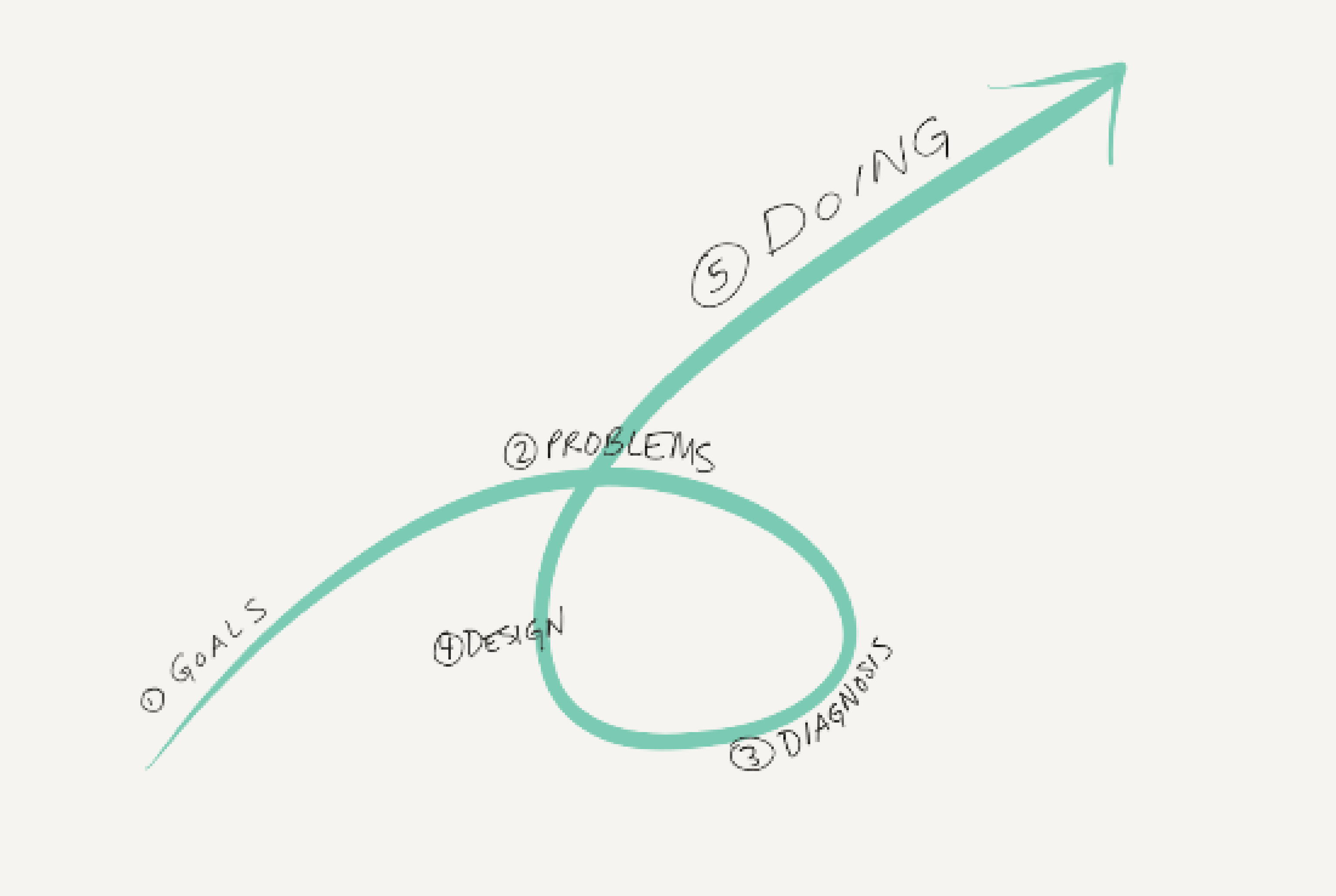
The act of weighing the opinions of more capable decision-makers more heavily than those of less capable decision-makers. Depending on the topic, the capabilities of decision-makers will increase or decrease. Therefore, there is never one ultimate decision-maker.

Looping explained

The aspect that resonated most profoundly with us at Eyes On Eyecare was Dalio's exploration of "looping," a process he views as the core of personal and organizational growth. Looping encapsulates the cycle of setting goals, encountering problems, diagnosing these problems to get to their root causes, designing plans to circumvent these causes, and doing what's necessary to push these designs through to results.

The beauty of "looping" lies in its simplicity and universality. We start with a vision, encounter hurdles, learn from them, evolve our strategy, and push forward once more. This isn't just a business strategy; it's a life strategy, a robust approach to constant learning, improvement, and growth. In essence, "looping" mirrors the scientific method applied to our organizational and personal lives. The steps are as follows:

1. Set clear goals.
2. Identify and don't tolerate the problems that stand in the way of your achieving those goals.
3. Accurately diagnose the problems to get at their root causes.
4. Design plans that will get you around them.
5. Do what's necessary to push these designs through to results.



At Eyes On Eyecare, we've embraced "looping" as a guiding principle in our operations. We recognize that we won't get everything right on the first try; there will be roadblocks, setbacks, and failures. But these aren't terminations of our journey; they're invitations to learn, evolve, and grow.

The principles and values elucidated in Dalio's work have become the bedrock of our philosophy at Eyes On Eyecare. They permeate every aspect of our business, shaping how we interact with each other, how we approach problems, and how we work towards our shared goals. When our team encounters roadblocks, we ask them to go through the looping process with a keen focus on diagnosing the root cause (Step 3). People typically want to jump to solutions, but all optometrists should know that a poor diagnosis = poor treatment outcomes.

In the words of Dalio himself, "Principles are ways of successfully dealing with reality to get what you want out of life." And, at Eyes On Eyecare, we've wholeheartedly embraced this ethos. By living our principles and values, we're not just building a successful business; we're building a resilient community dedicated to improving eyecare for everyone.

Dalio isn't alone in his thoughts on truth and transparency. In his book, *The Hard Thing About Hard Things*, author Ben Horowitz advocates for the importance of radical transparency in management. In the world of startups, problems are a norm rather than an exception. Horowitz promotes an idea of not hiding these problems but sharing them with the team. This builds trust, fosters a culture of honesty, and helps rally everyone towards solving these issues.

CORE VALUES AND THEIR IMPORTANCE

At Eyes On Eyecare, we established our core values very early on, and, to this day, our team lives and breathes them. We bring them up daily, and, when we encounter hard decisions, we leverage our core values to get us through.

We place significant emphasis on the creation of core values as a foundation for both personal and professional success. We believe that core values are deeply held beliefs that act as a guiding beacon, illuminating our decisions and actions. They're not merely what we aspire to be or what we think we should be, but rather what we fundamentally hold to be important and true.

Core values should be unique to each individual or organization. They should reflect your innate character, desired path, and the way you wish to interact with the world. Core values should be conceived from genuine introspection and understanding of oneself, rather than being adopted from societal norms or popular trends. As an organization, your core values should encapsulate the essence of your mission, the work culture you aspire to foster, and the impact you hope to make.

Eyes On Eyecare's core values are:

Invest in the process

We wholeheartedly commit our time, energy, imagination, and resources to achieve operational excellence.

Be open-minded, truthful, and transparent

Teams are at their best when every member is on the same page. Sharing our thoughts freely and openly unlocks a new level of trust and performance.

Achieve excellence with disciplined work ethic

We have an audacious goal to win at everything we do, which requires a great work ethic. We prioritize quality over quantity and thoughtful planning over moving quickly.

Create value to receive value

In order to receive, you must first contribute. We firmly believe that the way to receive value—whether professional growth, income, or personal fulfillment—is to create value for the company, clients, vendors, users, and your team.

Put team before self

Everybody has work to do and tasks to check off of their lists, but we're here to help each other. Being part of our community means being there for your team members and growing together through professional and personal hurdles.

Be yourself and have fun

We see the best in people when they're doing what they love. By encouraging unique voices to speak up and share who they are, we are able to shape a fun, inclusive company experience.

Core values can help align teams and facilitate collective decision-making. They act as a unifying force, fostering a shared understanding among team members about the organization's goals and the path to achieve them. By creating a set of core values and adhering to them, organizations can build a cohesive and collaborative culture that's driven by a shared purpose, making it easier to navigate complex decisions and overcome challenges.

CHAPTER 9: FINDING YOUR CUSTOMERS AND SELLING

Before we begin this chapter, we have a VERY important message for you about selling and finding customers, as this is a pitfall we've seen many entrepreneurs fall into.

The entrepreneurial journey is filled with many uncertainties. You can sit in your office all day strategizing, determining the perfect pricing structure, devising an all-encompassing marketing plan and, yet, you might still be left with more questions than answers. This is because real-world feedback trumps theoretical planning every time.

The most successful entrepreneurs know that action is the mother of wisdom. It's not the carefully laid plans but the lessons from real-world experiences that drive a business forward. Therefore, don't fall into the trap of analysis paralysis. Instead, hit the ground running. Start selling, start pricing, start doing. It's through this action, through this movement, that you'll gain invaluable insights about your product, your market, and your customers.

You must also embrace the possibility of failure. Indeed, failure is often a precursor to success, a teacher of invaluable lessons that can't be learned in any other way. Each misstep will reveal a new aspect of your business that needs tweaking, each rejection will bring you one step closer to the perfect sales pitch, and each obstacle will spur innovation and resilience.

Take the wise words of Napoleon Hill: "Do not wait. The time will never be 'just right.' Start where you stand, and work with whatever tools you may have at your command, and better tools will be found as you go along."

So, start now. Leap into the arena, with all its challenges and opportunities. Remember, the goal isn't to devise the perfect plan; it's to start the journey, to learn from it, and to persist. The first step may be messy, but it's often the most important one you'll take. And before you know it, you'll be building momentum, gaining insights, and iterating your way to success.

Navigating the landscape of launching a business in the eyecare industry today looks a lot different than it did a couple of decades ago. In the past, breaking into any industry, let alone eyecare, necessitated not only a groundbreaking idea but also a significant financial commitment to turn that idea into a tangible product. Today, the barriers to entry have drastically lowered, thanks to technological advances and the ubiquitous presence of digital platforms (think Kickstarter or Angel List for fundraising, Instagram for Marketing, or Shopify for selling). The contemporary eyecare entrepreneur can think beyond traditional frames and lenses and venture into creative spaces like tele-optometry applications, advanced eye tracking software, or cutting-edge wearable tech.

However, while building your product has become simpler, acquiring the first set of paying customers remains a challenge. Amidst the digital noise, getting your potential customers' attention is a task that requires strategic planning and execution.

Our experience at Eyes On Eyecare underscores the importance of not just finding customers, but creating avenues for customers to discover us. For us to find paying customers, we had to go beyond what other publishers were doing at the time, and, to us, that translated into establishing an ethos of content quality over quantity and also catering to the younger generation. Then, we took our message and our results door-to-door and sold advertising and sponsorships, slowly but surely, no matter how grueling it was.

DOING THINGS THAT DON'T SCALE

Specifically, we adopted the advice of Paul Graham in his July 2013 essay, "Do Things That Don't Scale."

Graham argues that many successful startups began by doing things that weren't meant to scale, but that were essential in their initial stages. For example, recruiting users one by one, providing meticulous customer service, or even taking on tasks that could be done more efficiently by a larger team.

At EOE, we adopted this approach from our early days. Instead of focusing on how we could mass market our services, we dedicated our time and resources to establishing a strong connection with our initial users. This often meant personal interactions, one-on-one demonstrations, and quick response times to customer queries. These tasks were time-consuming and didn't scale, but they allowed us to understand our users better, form strong relationships, and make our product suit their needs precisely.

This mindset is something we recommend to all entrepreneurs. In the early stages of a startup, understanding your customer, their needs, their pain points, and their experiences with your product or service is invaluable. Even though activities like manual onboarding, providing high-touch customer service, or extensive customization may not seem sustainable in the long term, they are essential in the short term to gain deep customer insights, build product-market fit, and foster loyal early customers. These loyal customers often become the biggest advocates for your brand, fueling organic growth through powerful word-of-mouth marketing.

The "do things that don't scale" philosophy should not be interpreted as a permanent strategy but rather a temporary phase that helps lay a strong foundation. As your business grows, you'll need to transition towards more scalable strategies. However, the insights and relationships garnered during this initial phase can provide a clear direction for scaling in a way that still values and prioritizes customer satisfaction and product quality. It's a balancing act between maintaining the intimacy and attention of the early days while also growing and reaching a larger audience. It's a philosophy, not of limitations, but of strategic growth.

To bolster this point, according to a study by Epsilon, 80% of consumers are more likely to make a purchase from a brand that provides personalized experiences. This could mean personalized marketing messages, product recommendations, or customer service experiences. When "doing things that don't scale," personalization is the whole game!

Selling your product shouldn't be an afterthought; it's an intrinsic part of being an entrepreneur. You must be willing to explore, experiment, and even go off the beaten track.

DEVELOPING PRODUCT AND SALES MESSAGING

Crafting a powerful message for your product isn't just about summarizing its functions—it's about telling a story that resonates with your audience. It's about creating a narrative around your brand that is not only easily understood but also leaves a lasting impression.

Consider it as painting a picture of your product where your words are the brush strokes. You need to make your product's story simple, without unnecessary jargon and complicated concepts. This does not mean dumbing down your message but rather refining it to its most essential elements. It's about answering the question, "What does my product do, and why should you care?"

The messaging should be compelling, it should spark curiosity and incite a desire to know more—or, better yet, to own or use the product. It should convey an interesting attribute of your product or an interesting problem it can solve. It should stir your audience's emotions or intellect.

Specificity is also key. Vague or overly generic descriptions won't differentiate your product from your competitors. The message should capture the unique functionality and value your product provides. This is where concrete examples and vivid descriptions come into play.

The messaging should also highlight what makes your product different, the unique selling point (USP) that separates it from the crowd. This differentiation could be anything from a novel feature, a unique approach to solving a problem, or an innovative design.

Lastly, the messaging should be defensible, a characteristic or claim that cannot be easily duplicated or replicated by competitors. This not only protects your market position but also bolsters your brand reputation.

Here's an example using the fictitious company "Natural Eye" and its all-natural makeup product that helps people avoid irritated and dry eyes.

> Introducing Natural Eye, the ultimate solution for beautiful makeup that cares for your eyes. Say goodbye to irritated and dry eyes caused by traditional cosmetics, and embrace the power of nature in every application.
>
> **Simplicity:** Natural Eye, the all-natural makeup brand, simplifies your beauty routine by offering a range of products designed to enhance your look while prioritizing your eye health. Our easy-to-use makeup solutions with our proprietary NaturalApplicator® technology make it effortless to achieve stunning results without compromising on quality or safety.
>
> **Value proposition:** With Natural Eye, you don't have to choose between beauty and eye comfort. Our all-natural makeup products are specifically formulated to avoid irritating and drying ingredients, providing you with a unique combination of style and eyecare. With only x,y,z ingredients included, you can feel confident and comfortable throughout the day, knowing that your makeup is as gentle as it is gorgeous.
>
> **Emotional appeal:** Discover the joy of makeup that not only enhances your beauty but also nurtures your eyes. Natural Eye's all-natural formulations bring a sense of peace and well-being, allowing you to express your unique style without worrying about discomfort or eye irritation. Embrace the pure, natural beauty that comes from choosing a brand that values your eye health.
>
> **Intellectual engagement:** Natural Eye's commitment to research and innovation ensures our products deliver exceptional results. By harnessing the power of natural ingredients, we have created a makeup line that not only looks fabulous but also provides nourishment and hydration for your eyes. Experience the intelligent blend of science and nature that sets Natural Eye apart from conventional cosmetics.

By highlighting the benefits of using all-natural makeup from Natural Eye, this messaging aims to resonate with individuals who prioritize eye health and seek natural alternatives in their beauty routines.

Miscommunication about your product's features and benefits can lead to confusion and you may have 10 different customers thinking your product does 10 different things. If you allow your customers to define your product, you may end up with a myriad of interpretations, none of which accurately represent your product. It's like several people describing different parts of an elephant, failing to convey the image of the whole animal.

Having clear, consistent messaging is akin to giving your customers a complete and accurate blueprint of the elephant. The more accurate their understanding, the more likely they are to share this understanding with others, becoming effective word-of-mouth marketers for your brand. The right messaging doesn't merely represent your product, it empowers your customers to become its advocates.

SALES STRATEGY BASED ON COMPANY SIZE

Selling into small, medium, and large companies involves different strategies, due to the unique characteristics, needs, and decision-making processes inherent to each size category.

Small companies (fewer than 25 employees)

When selling to small businesses, you're often dealing with the founders or business owners who make most of the purchasing decisions. The advantage here is that the decision-making process can be quicker and more flexible. However, budgetary constraints might be more significant, and they might prefer solutions that offer the most bang for their buck. Personal relationships and trust play a crucial role. Tailor your approach to emphasize affordability, efficiency, and the specific value proposition your product or service can offer to their business. Offering self-service options and investing in high-quality, informative content can be effective, as small companies often rely on self-research before making a purchase decision.

Medium companies (25-75 employees)

As companies grow, they begin to have more established roles and more complex needs. They may have larger budgets and specific department needs but also require more substantial proof of value and scalability in solutions. The focus often lies on products and tools that can facilitate growth and streamline operations.

Sales at this level may involve multiple stakeholders, so understanding their different pain points and how your product can address them becomes vital. They still might prefer self-service options but are now open to sales interactions, given the product's complexity and their specific needs.

Large companies (more than 75 employees)

With large companies, the decision-making process becomes more hierarchical and can take much longer due to the need for buy-in from various stakeholders. It's crucial to understand their business structure and key decision-makers.

Companies this size tend to have substantial budgets and prioritize stability, security, and comprehensive support in their solutions. They typically require customized solutions that can integrate with their existing systems and processes. In this space, a dedicated sales team with a deep understanding of the product and industry is indispensable.

The sales strategy here is more relationship-based, focusing on long-term partnerships rather than one-time transactions. The key is to demonstrate how your product or service can drive significant value for their business, support their strategic objectives, and provide a high level of ongoing support and service.

BOOK RECOMMENDATIONS

These are some of our favorite books on selling and finding customers. Our recommendation is to read them all throughout your journey. Buckle up and get ready!

1. ***Free: The Future of a Radical Price* by Chris Anderson:**
   Anderson's book explores the concept of free products and services in the digital age, examining the economic, technological, and psychological factors that drive businesses to offer goods at no monetary cost and the potential implications for industries and consumers.

2. ***Influence: The Psychology of Persuasion* by Robert Cialdini:**
   Cialdini's book is a classic in understanding the psychological principles that make people say "yes." Understanding these principles can help you communicate your value proposition more effectively and motivate potential customers to choose your product.

3. ***Crossing the Chasm* by Geoffrey Moore:**
   Moore's book is a must-read for anyone selling a new product or innovation. He explores the challenges of moving from early adopters to the mainstream market and provides strategies to make this transition successfully.

4. ***Predictable Revenue* by Aaron Ross and Marylou Tyler:**
   This book shares the outbound sales methodology that helped Salesforce.com add $100 million to its revenues. It provides a systematic approach to generating leads and converting them into customers.

5. ***Zero to One* by Peter Thiel:**
   Thiel discusses how to build a unique product that creates new value, rather than competing in existing markets. This concept can inform how you position your product and find customers.

6. ***Traction:How Any Startup Can Achieve Explosive Customer Growth* by Gabriel Weinberg and Justin Mares:**
   The authors outline 19 different channels you can use to attract potential customers, suggesting that startups should test multiple channels to find the most effective ones.

7. ***The Lean Startup* by Eric Ries:**
   While not exclusively about selling, this book provides a valuable methodology for learning what your customers really want and how to build a product that meets their needs.

8. ***Essays* by Paul Graham:**
   Graham, a co-founder of Y Combinator, has written several influential essays on startups. Particularly relevant to your topic might be "How to Get Startup Ideas," "Do Things that Don't Scale," and "Startup = Growth."

9. ***Pitch Anything: An Innovative Method for Presenting, Persuading, and Winning the Deal* by Oren Klaff:**
   This book is based on the concept of neuroeconomics, which combines neuroscience, psychology, and economics to explain how people make decisions. The book presents the STRONG method of pitching, which stands for Setting the Frame, Telling the Story, Revealing the Intrigue, Offering the Prize, Nailing the Hookpoint, and Getting a Decision.

Expanding on *Pitch Anything!*

If you're pitching large companies or potentially investors, you might want to read *Pitch Anything!* The central thesis of the book is that pitches often fail because they don't align with how our brains are wired to process new information. Klaff explains that the brain has three parts—the "crocodile brain," the midbrain, and the neocortex—and that successful pitches need to speak to all three.

For instance, an entrepreneur needs to engage the "crocodile brain," the most primitive part of the brain, which is responsible for our survival instincts and hence reacts to clear, high-stakes narratives. This is why storytelling is crucial. You can't just bore people with data and analytics—that's going to work the neocortex. Instead, you've got to engage them with a storyline that emotionally engages their croc brain!

Further, Klaff emphasizes the importance of maintaining social status during a pitch. If you allow your prospect to take control of the interaction, you risk losing their respect and attention.

Klaff's advice applies not just to investor pitches but to customer acquisition as well. Customers are essentially making an investment when they decide to purchase a product or service, so a compelling, brain-friendly pitch can be the key to convincing them to choose your offering.

Applying Klaff's method to your eyecare startup would involve creating a compelling narrative about why your product is unique and framing it in a way that appeals to your customers' "crocodile brains." It would also involve maintaining control of the sales interaction to assert your social status and authority.

CHAPTER 10: MARKETING YOUR PRODUCT

As innovators in the field of optometry or ophthalmology, you're breaking new ground every day. This drive to reimagine and redefine the industry extends not only to the services and products you offer but also to the way you reach your patients and customers. Traditional marketing tactics can still have their place, but in a world where digital channels dominate, growth hacking is becoming increasingly important.

Growth hacking is all about applying creativity, analytical thinking, and social metrics to sell products and gain exposure. It's about challenging the status quo and forging new paths to connect with your audience. It emphasizes the power of product-market fit and viral marketing, and it prizes data analysis and continuous testing. The objective is not just to attract customers but also to retain them, maximize their lifetime value, and turn them into advocates for your brand.

In the optometry industry, where technology and patient needs are constantly evolving, being able to adapt your marketing strategies swiftly and creatively can give you a significant edge. From content marketing to SEO, social media to email campaigns, and referral programs to collaborations, each tactic represents an opportunity to connect with and engage your patients in a meaningful way.

Here are some core principles of growth hacking. For more on this topic, read *Growth Hacker Marketing: A Primer on the Future of PR, Marketing, and Advertising* by Ryan Holiday.

Product-market fit: Before diving into any growth-hacking tactics, you must focus on product-market fit. This is defined by a harmonious alignment between what the product offers and what the market desires. Achieving product-market fit is crucial for the long-term success of a business, as it indicated that there is a validated and sustainable market for the product. You should spend your early days focused on this and this only! Eventually, it will click, and that's when your company will start to skyrocket. Product-market fit is the only thing that matters. If you get it right, you can screw up almost everything else. If you get it wrong, nothing else matters.

Finding your growth hack: A growth hack is a unique, creative strategy that leads to exponential growth. We encourage marketers to think outside of the box, to move beyond traditional advertising, and to find tactics that will allow for rapid, viral spread. Examples might include Dropbox's referral program (getting free space if you refer a friend) or Hotmail's inclusion of "Get your free email at Hotmail" at the end of every sent email.

Viral marketing: Leveraging customers to promote your product is a powerful tool. This could be through word of mouth, sharing on social media, or other methods that incentivize customers to spread the word about your product.

Data and testing: Growth hackers rely heavily on data. They constantly test, track, and tweak their methods to optimize growth. This iterative process allows them to figure out what works best and double down on successful strategies.

Retention and optimization: Acquiring new users is only part of the equation. Retention of users is critical for sustainable growth. Additionally, optimizing the customer experience can lead to increased customer lifetime value and referrals, further fueling growth.

Here are a few growth hacking marketing tactics you may want to list as thought starters:

Content marketing: This includes creating and sharing valuable content to attract and engage a clearly defined target audience. Content marketing gets three times more leads than paid search advertising. (Content Marketing Institute, 2017)

SEO (Search Engine Optimization): Improving your site's visibility on search engines can help attract more organic traffic.

Social media marketing: Platforms like Facebook, Instagram, Twitter, TikTok, and LinkedIn can be excellent tools for reaching your audience.

Email marketing: Despite being one of the oldest digital marketing methods, email remains highly effective when done right. Email marketing has an average ROI of 122%, which is over four times higher than other marketing formats, including social media, direct mail, and paid search. (eMarketer, 2015)

Referral programs: Encouraging customers to refer others to your product can lead to exponential growth. An impressive 92% of consumers trust referrals from people they know, and people are four times more likely to buy when referred by a friend. (Nielsen, 2013)

Influencer marketing: Partnering with influencers who have a significant following on social media or other platforms can help you reach a wider audience. Businesses make an average of $5.20 for every $1 spent on influencer marketing. (Influencer Marketing Hub, 2020)

Partnerships and collaborations: Teaming up with other businesses or influencers that have a complementary target audience can provide mutual benefits and growth.

Remember, the essence of growth hacking lies in creativity and experimentation. It's about finding unconventional paths to growth and leveraging data to iterate and improve your strategies.

CHAPTER 11: MEASUREMENT AND KPIs

As an entrepreneur, your journey is filled with challenges, risks, and uncertainties. Amidst the chaos, how do you ensure you are making progress towards your goals? The answer lies in effectively measuring and tracking your success using Key Performance Indicators (KPIs). Understanding your business metrics is going to be critical for long-term success and will help you identify where you are succeeding, if you are tracking towards your plan, and what parts of your business may need more attention. KPIs will become increasingly more valuable as you scale your business and your team size grows while your operations become more complex.

What are KPIs? KPIs are quantifiable metrics that reflect the critical aspects of your business performance. They serve as guideposts, helping you gauge progress and make informed decisions. There are two types of indicators that you will need to identify: Lagging and Leading.

Lagging indicators

Lagging indicators are retrospective measures that provide insight into past performance. They indicate the outcomes or results that have already occurred and are typically easier to measure because the data is readily available. Lagging indicators are often used to evaluate the effectiveness of past strategies or actions. They help assess historical performance and determine if specific goals have been achieved.

Examples of lagging indicators include:

- Revenue
- Profit margin
- Customer satisfaction ratings

Leading indicators

Leading indicators, on the other hand, are forward-looking measures that provide insights into future performance. They are predictive in nature and help businesses anticipate and forecast potential outcomes. Leading indicators are focused on activities and behaviors that drive desired results. By monitoring leading indicators, businesses can proactively take corrective actions to improve future performance and achieve their goals.

Examples of leading indicators include:

- Total qualified leads generated
- Customer retention rates
- Website traffic

Let’s look at an example of a company that sells a product and how leading and lagging indicators relate to one another.

In this example, the company sets a target to hit $1,000,000 in revenue over the course of a year. They use social media as one of their main marketing strategies, and they’ve found the level of engagement on social media is correlated with the total number of sales they seem to make.

In this case, the leading indicator is the level of customer engagement on social media platforms, such as likes, comments, shares, and overall interaction with the company’s social media content. This metric reflects the interest and engagement of potential customers with the brand and its products.

The lagging indicator, on the other hand, is sales revenue. Sales revenue is a lagging indicator that represents the actual monetary value generated from product sales. It indicates the company’s financial performance and the success of its sales efforts.

By monitoring customer engagement on social media, the company can make predictions about future sales revenue. Higher levels of engagement, such as increased likes, comments, and shares on social media posts, often indicate a growing interest in the product. This heightened engagement can potentially translate into increased brand awareness, customer interest, and ultimately, higher sales revenue.

To leverage this leading indicator effectively, the company may analyze the correlation between customer engagement on social media and subsequent sales data. By identifying patterns and trends, they can make informed decisions about marketing strategies, product promotions, and customer engagement initiatives to positively influence the lagging indicator of sales revenue. For example, if a company notices that, on average, they make 1 sale for every 100 engagements on a post and the average customer spends $5,000, the company can decide that it is feasible to generate 50% of their total target goal from social media. At this point, they would know the goal for their marketing department is to drive 10,000 engagements, which would lead to $500,000 in revenue.

It takes time to understand the core KPIs that drive your business, especially as you're starting up. Think of yourself as a detective, and stay curious about all aspects of your business. Ask a lot of questions that will help you understand the relationship between the performance of different parts of your business. How are you acquiring your leads? How often do those leads convert into customers? What percentage of customers purchase a second time? What is the average annual value of a customer?

The more questions you ask, the more likely you are to find KPIs that will be good predictors of future success and the better you will be at setting your strategy, and determining the tactics you should use to achieve your goals.

As you evolve your skills with KPIs, it is best to try and tie all of this back to cash flow and future modeling scenarios. This will allow you to manage your risks and best utilize the cash your business has and generates to invest in growth and future performance.

HOW DO YOU COLLECT, MEASURE, AND ANALYZE YOUR KPIs?

To effectively measure and collect KPI data, start by clearly defining each KPI, ensuring they are specific, measurable, and aligned with your business goals. Determine the data sources required to track the KPIs, such as financial systems, CRM software, or customer feedback channels. For example, if you want to track pageviews, that data may be available in Google Analytics, and, if you want to track Marketing Qualified Leads, this may be available in a CRM or marketing platform, such as Hubspot or Salesforce.

Implement processes to collect relevant data regularly and consistently. This may involve automated data capture, manual data entry, or integration with data analytics platforms.

There are so many tools out there to help you collect and measure KPIs. Many times, there are out-of-the-box tools that can do everything for you; however, depending on your business, you may need to use multiple tools such as Hubspot, Airtable, and Google Analytics to track all of your information. There are other helpful pieces of software, such as Coupler.io and Zapier, that will help you connect one data source to another. This is very useful when trying to aggregate your data or move your data into another tool that is set up for analysis and data visualization.

Analysis

Once you have collected the KPI data, the next step is to analyze it to gain meaningful insights. Start by organizing and structuring the data in a way that allows for effective analysis. This can involve creating dashboards, visualizations, or spreadsheets to present the data in a clear and concise manner.

Once you have your data structured and in a tool that allows you to visualize or manipulate the information, work to identify trends, patterns, and anomalies within the data to understand performance drivers and areas for improvement. This is where curiosity really helps. Take two different approaches from time to time. First, start with a question, such as, "What is our average customer value? Then, look inside the data to find the answer.

Another strategy is to just look around (and at the data) and, keeping an open mind, see if something stands out to you as interesting. This tactic of "curiously looking around" is a great way for people who enjoy and are naturally excellent at pattern recognition to gain insights. For others who may be more creative, starting with questions and thinking about a "story" can be a great way to identify patterns and trends.

Tip: Thinking of data as a story is also a advantageous marketing tool to derive metrics that would be important and helpful to present to prospective clients.

Once you've decided what you are measuring and what you want to examine, compare the KPI data against targets, benchmarks, or historical performance to assess progress. To find benchmarks, search for blog articles or paid data platforms to see how you stack up against others in a similar industry.

Conduct deeper analysis by segmenting the data based on different variables, such as time periods, product lines, customer segments, or geographic regions. This will provide a more granular view of performance and help identify specific areas where action can be taken. Regularly review and interpret the data to make informed decisions, drive performance improvements, and adjust strategies as needed, but don't get so lost in the metrics that it prevents you from moving forward. Sometimes it is better to keep it simple, and move on.

Remember, measuring, collecting, and analyzing KPIs is an ongoing process. Continuously refine your KPIs based on changing business priorities and objectives. Regularly review and update data collection processes to ensure accuracy and relevance. By effectively measuring and analyzing KPIs, you can gain valuable insights to make data-driven decisions and optimize performance in your business.

Things to consider with KPIs

Measuring your business performance is critical for long-term success and, as you grow, there will be more and more opportunities to measure different aspects of your business. It is important to remember that collecting, measuring, and analyzing data has both a financial and time cost. Checking in on your business metrics and looking for new exciting measurements to help you understand your business is a lot of fun, but it is also important to stay focused on your main objective. You need to weigh the cost and benefit of measuring some metrics and ensure that it will have an impact for you and your team.

Oftentimes, founders or company leaders will ask their team for specific pieces of information that may be interesting, but not that helpful in making a decision. To get that information, their team would have to spend hours of work gathering data and putting together a report. That is time that could have been spent talking to customers or developing a new marketing campaign, so ensure that the impact of what you're asking for is worth the time and effort.

When asking for information, it is typically advised that you understand what decision you are trying to impact with the information you're asking for. Thinking like this will help save you a lot of time and money over the years and will also lead to great strategic results.

In summary, KPIs are a critical tool for running a business successfully. KPIs should be used in tandem with the OKR system discussed in Chapter 3, so you can identify strategies and create objectives and key results that will drive the business forward. If you know what you are trying to impact and have a way to measure it, achieving your desired result becomes much easier since you can actually see the progress along the way.

CHAPTER 12: SCALING UP YOUR BUSINESS

Now that your business is off the ground, it is time to start thinking about scaling up. This is an exciting and challenging new adventure that you will set forth on, and it is important to prepare yourself for the changing environment and new obstacles that lie ahead.

When you are first starting a company, things are difficult, but the business operation is relatively simple. You may be the only person involved in doing all of the work, or there might be a few people who each do several parts of the work. As the system evolves, you will run into a variety of challenges, some of which we will explore in the paragraphs below.

WHY SCALING IS SO DIFFICULT

Before investing in scale, it is imperative that you understand the available market for your business. If you're trying to scale a company into a market that is too small, you'll simply be hitting your head on a ceiling. This may require a fundamental pivot and entry into a new market or the acceptance that whatever company you have is at its full potential. For some, this may be an OK end point; for others, this may be an opportunity to move on to the next venture.

Once you're confident that the market opportunity is there, it's time to get started scaling up the operation!

Delegation of duties and specialization

Scaling up as a founder brings both exciting opportunities and tough decisions. One crucial aspect of this journey is recognizing the need to delegate. As a founder, you have poured your heart and soul into building your business, and it's understandable that you may find it challenging to let go of specific parts of your business. However, to scale successfully, delegation becomes essential.

Trusting others to handle certain responsibilities not only lightens your load but also allows you to focus on strategic initiatives and higher-level decision-making. It's important to understand delegation doesn't mean relinquishing control entirely; rather, it empowers you to leverage the strengths of your team and create a solid foundation for sustainable growth. By learning to delegate effectively, you can nurture a culture of shared ownership and build a team that is empowered, motivated, and capable of driving the business forward.

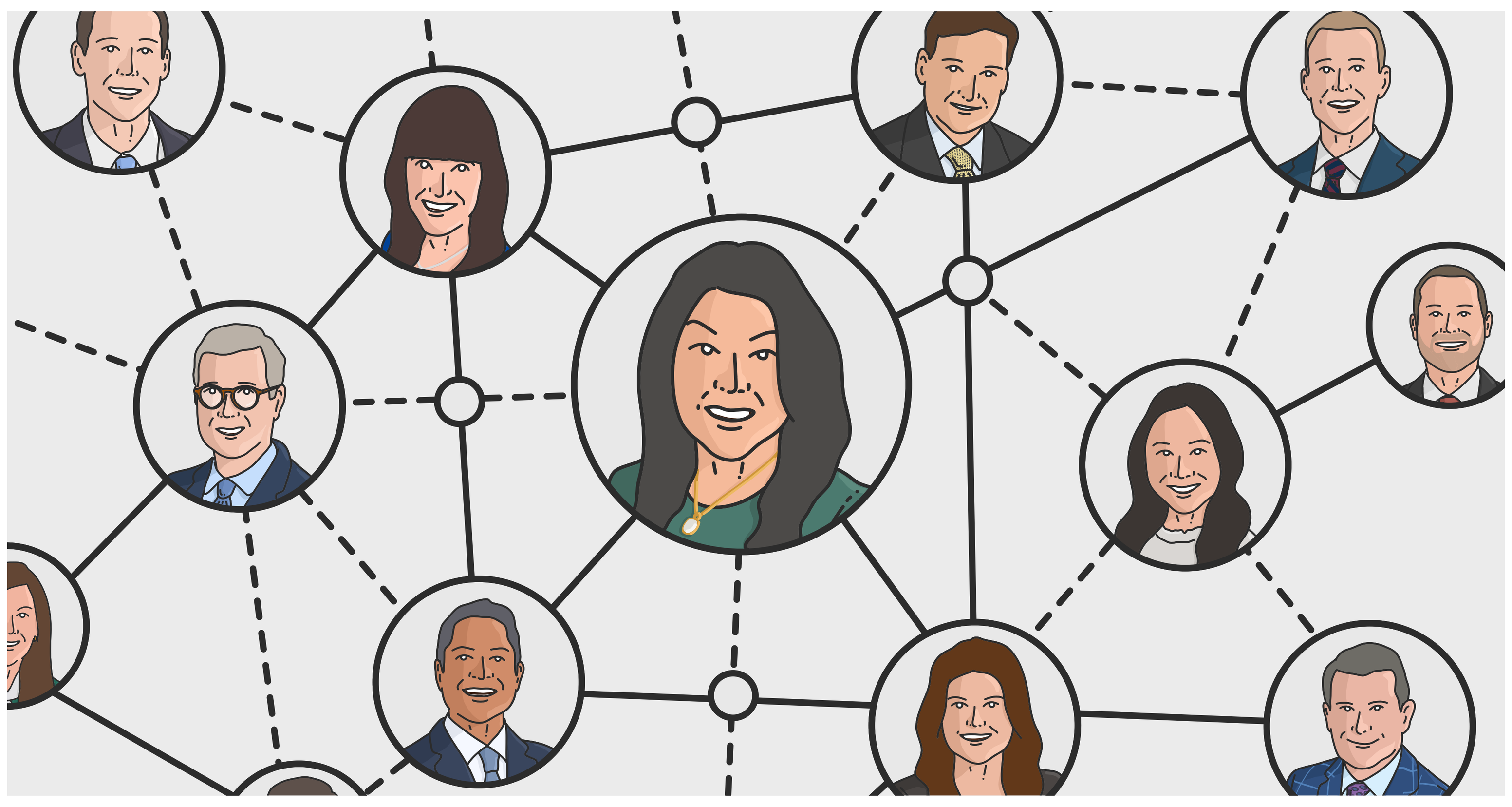
The way you delegate will depend on the seniority of the person you are delegating to. If you are delegating to a senior team member with lots of experience, just a simple handoff is needed. They will figure it out from there. If you are delegating to someone junior, you may want to hand off a process with an instructions manual and have more frequent meetings in the beginning to ensure that they understand what you are looking for and how to do it. Also, having some sort of dashboard (or alternative way to view results) will decrease the time needed to check on the things you've delegated and the amount of brain power needed to ensure those results are going well. If you have a dashboard that shows progress, all you need to do is look in on it. If it is off, inquire about it. If it is going well, then no need to worry.

The sooner you get better at delegating and managing, the faster you will grow and the more you will appreciate how incredible the people around you really are. With every positive, comes its challenges, and delegation and growth leads to challenges in the communication chain, which we will explore below.

Managing an increasingly complex network of communication

As your team size grows, your internal communication network becomes exponentially more complex. With just two people, communication tends to be more direct, focused, and immediate. There are fewer barriers and less likelihood of misinterpretation. Communication can be informal, often happening in real-time or through direct conversations. Coordinating and aligning with one another is relatively straightforward.

When the team size expands to six people, communication becomes more multifaceted. There are more participants involved, leading to increased coordination and the need for more structured communication. People may have different roles, responsibilities, and expertise, necessitating more frequent and diverse interactions. There may be a mix of one-on-one and group communication, which requires balancing individual perspectives and collective discussions.



With a team of 20 people, communication becomes significantly more complex. The number of participants increases, resulting in a larger network of communication channels. It becomes challenging for everyone to be fully aware of all conversations and developments. Communication often requires more formal structures, such as team meetings, departmental updates, or project-specific channels. There may be a need for additional layers of communication to ensure information flows effectively across different sub-teams or departments.

As the team size grows, maintaining clarity, consistency, and alignment in communication becomes increasingly important. It may require the implementation of communication protocols, collaboration tools, and regular updates to ensure everyone remains informed. Effective leadership and clear channels for feedback and information dissemination become crucial to manage the complexity and ensure effective communication among team members. We will discuss specific communication considerations a little later in this chapter when we get to "How To Scale - Execution."

Financial systems and requirements become more resource-heavy

As a company scales, financial complexity significantly increases. Firstly, there is a larger volume of financial transactions to handle, including sales, purchases, and expenses, which require more robust accounting and recordkeeping systems. With a broader customer base, diverse product lines, and potentially expanding into new markets, financial data becomes more extensive and intricate to manage.

With an increase in transaction, you may need to bring on new team members to handle financial administration. There is a big difference between managing 10 invoices and 100 invoices; you may be managing the 10 invoices on your own now, but do you have 10x more time to spend managing the 100 invoices that are coming in?

Moreover, as the company grows, there is an increased need for accurate financial reporting and compliance with regulatory requirements. This includes financial statements, tax filings, and audits, which become more complex and time consuming. Additionally, scaling often involves seeking external financing options, such as loans, investments, or partnerships, which necessitate detailed financial projections, due diligence processes, and investor relations.

Furthermore, as the organization expands, there may be a need for more sophisticated financial management tools and systems to handle forecasting, budgeting, cash-flow management, and risk assessment. Strategic decisions, such as mergers and acquisitions or international expansion, introduce additional financial complexities, including currency exchange rates, cross-border taxation, and legal compliance.

When you are first starting out, a tool like Quickbooks or Wave will be very effective and can likely handle all of your financial needs. You can use their direct integrations to easily track the financials from multiple sources, such as your bank account or credit card processor. As you grow—especially due to fairly recent revenue recognition changes, particularly for service-based businesses under ASC 606—you'll need to make sure you are accounting for your revenue appropriately.

The way in which companies recognize revenue has come under scrutiny more so over the last five years, and, depending on your business type, this may mean implementing more powerful accounting software, such as Netsuite, or building your own methods of accounting using tools such as Airtable. Typically this will happen as you move through the $5,000,000 of annual revenue mark. For some companies it may be more, or it may be less. If finance is in your wheelhouse, you can likely manage for a while, however, you may want to consider outsourcing with a fractional CFO or consultants, or you might want to bring on a finance professional (different from an accountant) part time if that is an option.

Human Resources requires more management

As your company grows, you will want and need to bring on new team members. This will be an exciting time but will also pose its own set of challenges, some of which are listed below

SCALING - HIRING AND RECRUITING TALENT

As the company expands, there is a greater demand for attracting and hiring new talent. Scaling HR involves developing effective recruitment strategies, creating a strong employer brand, and streamlining the hiring process. The challenge lies in finding qualified candidates who align with the company culture and possess the necessary skills to contribute to the organization's growth. We will cover this in more detail later in this chapter.

Organizational structure and roles

Scaling HR requires reevaluating the organizational structure to accommodate growth. This includes defining new roles and responsibilities, implementing hierarchical levels, and establishing reporting structures. It can be challenging to strike the right balance between maintaining agility and promoting clear lines of authority within the HR department. This challenge typically presents itself once you cross over 30 people and start implementing a second level of management with either directors and/or VPs.

Training and development

As your organization's needs change, you will need to train new employees, and you may want to upskill current employees, ensuring they are equipped to handle increased responsibilities. Providing training and development opportunities becomes critical to keep pace with the evolving needs of the organization. Your organization must identify skill gaps, design relevant training programs, and foster a culture of continuous learning to support both employee and organizational growth. There may come a time when you need a full-time person to manage this process, depending on how fast you are growing.

Compliance and regulations

With growth, your HR department faces a greater responsibility for adhering to employment laws and regulations. Compliance with labor laws, benefits administration, and payroll management becomes more complex. Staying up to date with legal requirements, implementing robust HR policies, and ensuring consistent practices across the organization are crucial for mitigating risks associated with noncompliance. Remote work offers a lot of benefits for a company, such as being able to hire anywhere in the world, but you need to remember that each location will have its own set of rules, so make certain you have the right counsel to understand the implications, both financial and legal, of expanding your locus of hiring.

Employee engagement and culture

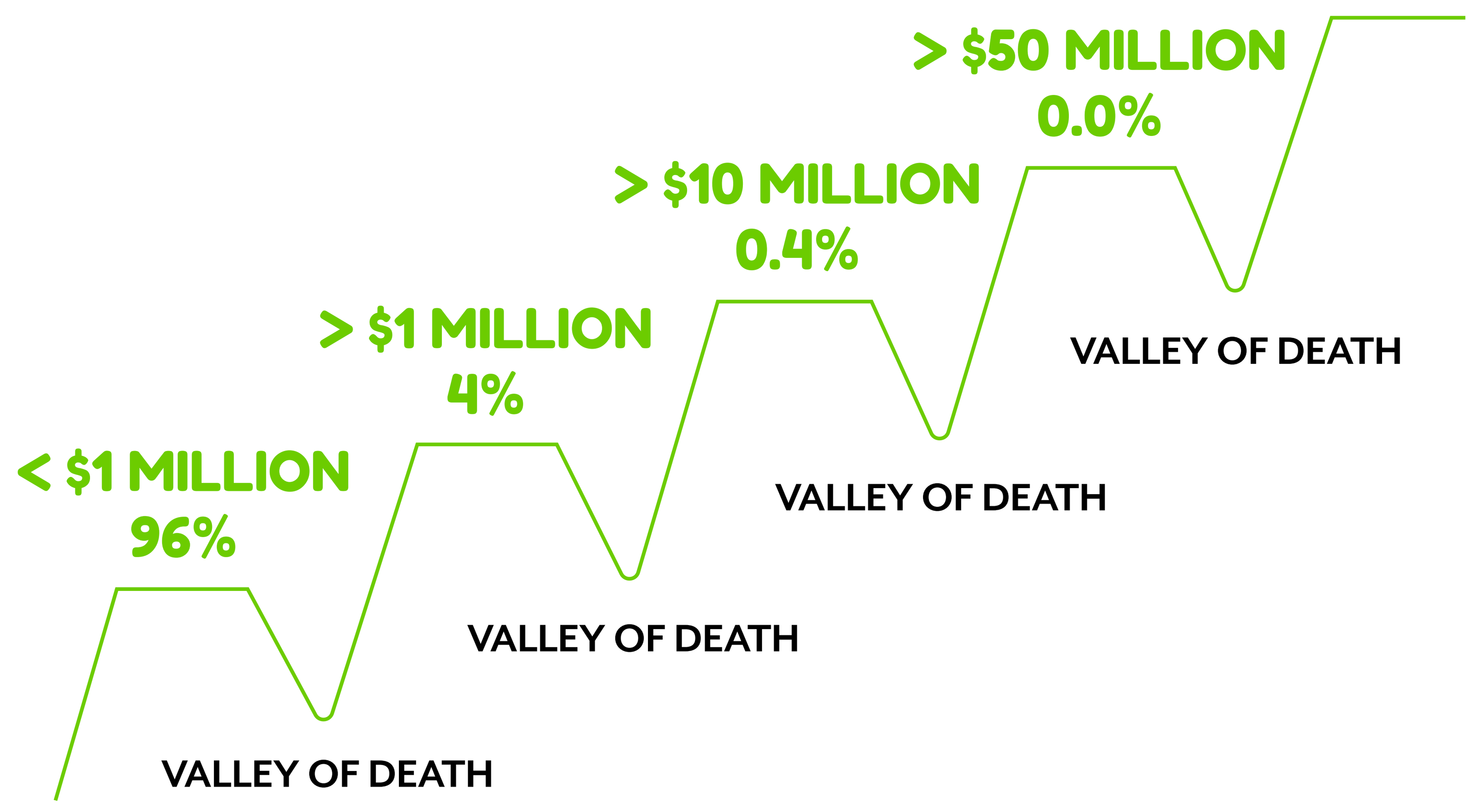
As the organization expands, maintaining a positive company culture and high employee engagement levels can be challenging. Scaling HR requires a focus on nurturing a strong sense of belonging, fostering open communication, and promoting employee well-being. You must develop strategies to foster a cohesive culture across multiple locations, ensure effective internal communication, and address the evolving needs and expectations of a larger employee base.

It is up to leadership to set the tone of the culture. Developing your company as a great place to work is not only an altruistic goal, but is also practical in the sense that having excited and engaged team members will lead to better work and higher retention rates. The value of people staying with your company for long periods of time is critical. Once people are with you for three or five years, they have a wealth of knowledge and camaraderie built up, and it really is magical to see how well the team gets in sync when there is continuity.

SCALING - BREAKING DOWN ALL THE PIECES TO SCALE UP

Scaling poses a major challenge, and it is important that you take it at a speed that both you're able to handle and your company's resources can withstand. As you approach that $1,000,000 mark and then work to scale from $1,000,000 - $10,000,000, you will hit a point where circumstances are changing rapidly, complexity is increasing exponentially, and the amount of resources required to operate your business is expanding quickly. You may see lower levels of profitability during these times, as you add on new management, and it is important that you are prepared to make good decisions to survive and thrive through the most challenging periods of growth.

Below you'll see a graph adapted from the book *Scaling Up* by Verne Harnish that shows the amount of companies that make it through different stages of scale.



For the remainder of this chapter, we will be using references and concepts from the aforementioned *Scaling Up.*

Now that you are familiar with some of the challenges with scaling, let's talk about how to scale.

The main categories you will need to focus on are:

- People
- Strategy
- Execution
- Cash

People

The people are the foundation of your business. The people you bring on to your team will determine your overall success, so it is important to have a great strategy for finding, training, and retaining great people. We've covered hiring strategy, culture, and management thus far in the book, so in this section we will focus on developing and managing your HR strategies to allow for scale.

Developing your HR and operations systems will be critical when scaling your organization. You'll need to understand how to manage the recruiting, onboarding, learning, development, and budgeting process to ensure you're able to scale a team.

Developing an HR department: In the beginning, it will be your founding team (including you) or your most senior people who will likely manage your recruiting process. This is highly recommended, especially in the beginning phases. In this way, you will learn more about what good, not so good, and great look like. You will be able to better understand different personalities and identify what actual culture fit feels like, and you'll have the knowledge to step into the process in the future when you are beginning to scale your senior team.

Though it will depend on the speed at which you're hiring and complexity of your organization, it is usually around the time you hit 20 or 30 team members that you will feel the impact that handling HR/hiring is having on your most important people. This could be a great time to either look for outside recruiting firms to help out or find a part-time or full-time HR person. Here at Eyes On Eyecare, we took the strategy of having our co-founding team develop our base processes and then cross-trained someone within the organization to manage our HR, finance, and administrative processes.

Building your process: What are the components of an HR process, and how do you build it?

Fundamentally, your HR system will consist of:

- Recruiting
- Payroll and HR administration
- Legal and regulatory considerations
- Hiring and onboarding
- Learning and development
- Culture and team satisfaction

Recruiting: We covered recruiting in detail earlier in the book, however, I'd like to focus on one specific part of recruiting that has not been covered—finding your leadership team. At some point on your path for scale, you will need and want to bring on excellent senior leaders. Finding your senior leaders should be something that is supported by your HR team but led by your co-founders. The difference between getting your leadership right and wrong will be the difference between fast success and floundering.

Finding the right people takes time and careful attention. You'll want someone with a track record, and you'll want people with complementary skills to your own. As you offload positions, first try and find people who have expertise where you (and your co-founders, if you have any) are weakest. Actively recruit for these positions. Develop relationships on LinkedIn, and go to events within your industry to network. Talk to a lot of people to find out who the best up-and-comers are. Look for developing individuals who may be working at similar companies within your industry.

As you go through the interview process with more senior individuals, you will notice they are likely pretty good at interviewing. It is here that following the method from WHO, described earlier in the book, is extra critical. You'll need to get to know these people at a deeper level, and you'll want to make sure to do things like go out for dinner to see if your personalities resonate with one another and if they are the type of person you can rely on and trust.

Managing senior leaders will be much different than your experience managing more junior people on your team. You'll want to provide them high-level instructions, and then allow them to decide how to best get things done. Being clear on what is important to you and what your goals are for them is key. Letting go of the details will be difficult, but it is critical that you trust your senior leadership. Once you do this successfully, you'll really start to see incredible results, and the speed at which you can grow will be accelerated.

Payroll and HR administration: Payroll and HR administration can be challenging and time-consuming, however there are plenty of resources out there that can help you on your road to developing a great system.

With payroll, you'll want to consider all of the following:

1. Employee classification: Independent contractor or employed?
2. Position title and pay
3. Hourly or salary?
4. Overtime eligible?
5. Benefit management
6. Contracting
7. Document storage
8. Paying payroll
9. Performance documentation

Employee classification: Typically, 90% of the time new team members will be classified as employees. The main difference for you is employees will have more legal protections than independent contractors, and you will need to pay ½ of the employment taxes (which will cost you just under 8% of the person's pay).

Position title and pay: Determining a position title and the pay for a position can be tricky, and it is best to do your research upfront. Come up with a framework and find a standard. At Eyes on Eyecare, we use tools like the Robert Half Salary Guide. Using a framework will help you to understand the cost of a position, as well as the cost of raises and promotions, and will also help your employees understand what their earning potential will be in the future. More importantly, it ensures you are using a fair system to treat everyone equally.

Hourly or salary?: Will your new team member be hourly or salaried? You'll need to check if the new employee meets the exemption criteria for a salaried employee and the minimum wage requirements as well. The criteria is different, depending on where the person is working, so be sure to consult with your legal team or your HR professional to best understand which classification is appropriate. If you really have no one else to turn to, you can research the rules yourself and make a determination. When doing your research, just make sure to research the exact location in which your new employee will be working. If your employee is hourly, you'll need to have a way for them to clock their time

Overtime eligible?: Is your employee eligible for overtime? If so, they'll need to log their time, and you will need to understand the rules for overtime in the area where your employee is employed and have a system in place for managing overtime benefits. Consult your legal / HR counsel on this matter.

Benefit management: Benefits are a major part of compensation packages for your team. Make sure you understand the costs of scaling any benefits you will be offering. For example, when you have 2 employees, paying for full health insurance coverage and matching 4% of a 401k will be a relatively small number, but as you scale to 50 employees, this number will be multiplied by 50. So if the total benefits for 1 employee for health insurance and match costs $10,000 per year, the benefit for 50 people will cost $500,000 per year. It is easier to manage your benefits budget if you start them earlier (since starting to provide health insurance when you get to 50 people would immediately add on about $250,000-$350,000 per year in new expenses). The cost of benefits is large, so be mindful about it.

Contracting: You'll want to have an employment agreement in place with every employee who works for you. This agreement should cover the basics of their working relationship and make reference to your company's employee handbook for anything that can change over time, such as the policies, benefits, and procedures of the company. Make sure your employee handbook is thorough, well written, and has been approved by your legal team. You can use a service like Bambee HR to help you write your employee handbook or even outsource the entire process.

Document storage: Having a place to store your records that is organized and secure is very important. Since these are HR records, they are more sensitive than much of the other paperwork you will be keeping around.

Paying payroll: Having a great system in place to track and pay your payroll is a gamechanger. Payroll is time-consuming and tedious. You need to make sure that all hours are logged correctly, all time off was logged and taken appropriately, and all benefits are properly accounted for. A software for payroll management, like Gusto, will be very helpful in keeping track of this. It will even automatically calculate state and local taxes and pay them on your behalf.

Performance documentation: Documenting employee performance will be something that becomes increasingly more important as your organization grows. You'll want to track and document performance so you can ensure you are treating everyone equally, providing a road to promotions and growth, and have records on file if there is poor performance. When you bring people on, there is always the chance you may have to terminate someone's employment. In many states, employment—and your employment agreement should state this—is at will. Even so, you may find that you have a litigious employee who sues you, and having documented records will be a huge help if that situation does arise.

Legal and regulatory considerations: There are a lot of rules and regulations that come into play when hiring new employees, and the rules unfortunately are different within different locations, even all the way to the county in which someone resides. You'll need to know the rules and regulations of any locale in which you employ someone. This becomes more important if you are hiring a remote team, because their home will typically be the location in which they are working; therefore, it is that location to which you pay taxes and are under obligation to follow the local rules. So, if you decide to hire people in 14 locations, that is 14 different sets of rules you'll have to be aware of.

Make sure to get your HR regulations right. Opening yourself up to litigation or payment of penalties for misclassification of employees can be detrimental to growth. Since mistakes are so costly, you'll also want to carry Employment Practices Liability insurance; it is best to invest the time and resources upfront to get your process in line with the rules.

Hiring and onboarding: We've already covered everything in this section, so just to tie it all together, you can use a system like Gusto to administer your hiring and onboarding needs from a legal perspective. Gusto or other payroll software will make it easy for you to hire an employee and have their state and local taxes, benefits, and time off automatically calculated, deducted, and paid to the appropriate authorities. They'll also provide you with documentation storage and, in many cases, templates for your contracts. In addition, better software will have benefit options integrated right into it, which will make it easy for you to choose the right benefits for your team.

Learning and development: I'd recommend finding a software that will manage your learning and development process starting from early on. Usually they will start out less expensive, and the price of the system will scale with your team as your needs change. Document all of your processes within your system, and have your team evolve the documents as the process changes over time. Tettra is a great application for this. There are other softwares out there, like Trainual, that will provide a more robust experience and will help to guide a learning process as well. Either one will be fine to implement, depending on your needs. At Eyes On Eyecare, we use Tettra and found that the simplicity has helped us, although we have developed internal training processes to help onboard and train new team members as well as help current team members learn new skills.

Culture and team satisfaction: Culture should be something you deliberately work on and focus on evolving. At Eyes On Eyecare, the leadership team sets the tone for culture. We also have a dedicated team member devoted to improving team satisfaction and setting up cultural initiatives, such as team meetups, hangouts, and activity planning. These efforts are supported by our operations team. Since we are a remote team, it is more difficult to be together, learn about each other, spend time bonding, and maintain excellent communication, so it is something that we focus a lot of attention on.

We use a software called Lattice to not only track both our team performance and growth paths, but also to keep a pulse on our team's engagement and satisfaction. In addition, it allows for public acknowledgement of our peers through Kudos.

In summary, when it comes to your people, you want to:

- Make sure you find the right people.
- Foster an inclusive environment where people feel comfortable and have the opportunity to grow.
- Stay compliant and develop systems that will ensure that you're following all of the rules and regulations.
- Develop processes to manage a growing team.

STRATEGY

Your strategy is your core focus that will drive decision-making, your tactical plan, and the actions your team is taking over a defined period of time. Setting your strategy is critical, as it will be the main determinant for the results you are going to achieve. Although you can achieve the same goal—let's say, generate $1,000,000 in revenue—with a variety of strategies, the strategy you choose will define the overall path you and your team are taking to get there, which can have a major impact on your long-term plans.

Since your strategy is going to impact your company long term, it is important to start out with your long term vision. What is your BHAG or Big Hairy Audacious Goal? This is a statement about what you want to achieve in the next 25 years.

Once you have your BHAG, you'll want to complete your One Page Strategic Plan (OPSP). This plan will be an excellent thought exercise for you and your leadership team. Within your OPSP, you'll be working through the Who (both internal and external stakeholders), What (one-year goals), Where (3-5 year targets), and your Why (your company purpose).

With your OPSP in place, you'll be ready to focus on execution and developing your tactical plan.

EXECUTION

Execution is everything. A good plan is only as good as how it is carried out, and you'll want to spend a lot of focused energy iterating on your team's ability to execute. There are several areas that will be very important to get right when executing your plan. We've covered most in detail in this book already, so we will provide an outline and overview of what you should be focused on when thinking about execution here.

Communication strategy: How does information move throughout your organization? What meetings are you, your managers, and each individual team member having throughout the course of a day, week, or month? Setting your meeting rhythm and getting comfortable with it is a critical step when going from 10 to 20 to 50 to 100 people in an organization. Know, as you grow, the meetings required—and the people within each meeting—will change.

Feedback: Create a space where people can provide feedback about the meetings they're having. Are they effective? Are they receiving the information they need? Is there any waste? There is a serious opportunity to squander a lot of time in meetings. If you can save 30 minutes per person per week by eliminating an unnecessary meeting or by restructuring other meetings, that could amount to 26 hours per person per year. If you have a team of 50 people, that is 1,300 hours per year!

Errors: Determine if and where errors are occurring throughout the organization. Typically, errors happen at the junction where information is transferred from one person to another. Use something like an issues log, where people can track errors or problems (or opportunities for improvement). In an issues log, you'll want to find the root cause of a problem by asking why something happened. Go deeper, asking "Why?" again and again until you get to the root. Use the looping process mentioned earlier to resolve the problem. This may mean creating a new meeting, restructuring a meeting, or eliminating a meeting. Or it may mean transferring information via email or adding on a new project management software into your workflow. Whatever it is, allow for the space to solve problems and improve your process.

Financial system: How are you managing your finances? How are invoices created and sent? How does your finance team know what sale has been made, what to bill, and when to bill it? How do you know if your invoices have been collected?

Audits: Within your financial system, it is important to have audits. At first, audits may solely be done manually, however, as your team becomes more sophisticated, it is best to automate the audits. For example, let's say you have a sales team that closes sales. They create deal records. That deal then needs to be transferred to finance to bill the client. You can create a view that shows the total deal value and the total invoice value created. It can also have the amount paid, the amount outstanding from your customers account, and the days past due on invoices. Creating a simple view like this will allow you to quickly audit if the total amount invoiced to a client is equal to the total amount of the deal sold and how much has already been paid. The person who is responsible for each part of the process should be responsible for that part of the record. In other words, the salesperson should be responsible for ensuring the deal record is correct, and the accounts receivable person should be responsible for ensuring the invoice and collections part of the record is correct.

Tax records: Have a bookkeeper/accountant managing your tax records. You'll want to ensure these records are up to date so you can appropriately report your earnings to the government. Although this person is a financial professional, they likely won't be the same person who is responsible for analyzing your financials as they relate to business performance. This could be a CFO or controller who is responsible for setting your financial strategy and managing your cash and budgets.

Production workflows: As you scale your business, you'll need to scale production. You'll want to keep a close eye on your production workflows. Just like with communication, you'll want to keep an issues log and continuously improve this process. How are you transferring information from sales to the fulfillment and client teams? What is the process for your client-facing teams to provide feedback to your creative and marketing teams? How is your marketing team performing quality checks on their work? Who is involved in that process? Are there specific steps that are slowing the process down? Is quality remaining high, even with the additional workload?

> Tip: Two good resources that discuss the production process are both the *Lean Startup* and *Lean Manufacturing*. Even if you're not in manufacturing, you can still find great lessons in both of these books.

Creating an environment that allows for iterative change on the way in which your team executes will allow the process to unfold over time. You'll begin to see continuous improvements, and the results will follow. Stick with it!

CASH

We touched upon cash and cash flow in the Finance section of this book, but let's take a deeper dive into the drivers that make up cash and cash flow.

Your main driver of cash is what is called the Cash Conversion Cycle. This is essentially the amount of time it takes from sales to receiving cash. The faster you can convert a sale into cash, the more readily you'll have resources to invest and deploy for growth.

Let's take an oversimplified example of two companies that produce outdoor swimming pools. Both companies charge $100,000 to install a pool, and it costs each company $50,000 for the install. An install takes five months and usually costs the company about $10,000 per month.

Both companies have $50,000 in cash to start out.

- Company A has set up their sale so they receive 100% of the cash upfront before starting the project. They started with $50,000 and, in month 1, they received $100,000 to give them $150,000. Since it costs Company A $50,000 to complete a pool project, they are now able to start three projects at the same time, with the ability to afford to pay for all of the expenses coming in. Additionally, they have left-over cash to afford the added operational costs as they scale the company and need to hire on client services, billing, and other operational individuals to manage multiple projects at the same time
- Company B has set up their sale so they receive 100% of the cash after they finish the project. They started with $50,000, so at the five-month mark, when they are about to deliver the project, they now have $0, until they finally collect the $100,000. If the client is late with payment, they may need to rely on a bank loan that costs interest. Additionally, after the project is completed, they now have $100,000. If the company decides they want to take on two projects, at the end of the next five months, they will be back to $0 until they collect the $200,000 from the clients. Since they would be working with negative cash flow with any new added expenses, this company does not have any cash to invest in operations.

You can see in this simple example the power of the Cash Conversion Cycle on growth. Although your profit and loss statements for a single transaction would look almost identical, the impact on growth is massive, just from the difference in when one company collects cash vs the other.

Final thoughts on scaling up

Scaling up is a process. It requires you, as the founder, to grow your skills along with the company. Make sure you are working to scale at a pace that meets your nature. Growth is stressful, and you will experience pain along the way, just like with going to the gym, playing sports, or learning in a classroom at school. Growth is also an exciting journey, be patient with the process, but always make sure you are taking actions. Learn from your past mistakes, iterate on your business machine, and find ways to get better. If you take this approach, you'll be on your way to wherever you want to go!

CHAPTER 13: CLOSING THOUGHTS - YOUR MENTALITY AS AN ENTREPRENEUR

By: Matt Geller, OD,
Co-founder & CEO at Eyes On Eyecare

There's a phrase that's been a North Star throughout my entire journey of entrepreneurship and, indeed, life itself: "You have absolute control over but one thing, and that is your thoughts." This quote, extracted from the fertile fields of Napoleon Hill's seminal work, *Think and Grow Rich*, is as true today as it was when first penned. The essence of this phrase is the notion that our thoughts possess a powerful ability to shape our realities for better or worse.

Napoleon Hill, in his wisdom, laid out a roadmap that helped millions navigate the terrain of success, his philosophies becoming the bedrock of countless entrepreneurial pursuits. This roadmap begins and ends in the same place—the human mind. It's the powerhouse that generates the energy and willpower to start and run a business, to innovate and disrupt, to rise, fall, and rise again. Hill understood that the cradle of success was not in externalities but within our thoughts and beliefs.

The idea that "our mindset and thoughts manifest our reality" is both empowering and humbling—empowering because it suggests that we have the control and power to shape our destinies, humbling because it places a tremendous responsibility on our shoulders. It means our failures are not due to circumstances but are often a result of our thinking and actions. This may seem harsh, but it's also liberating. We have the ability to reshape our thinking and, in turn, reshape our realities.

In entrepreneurship, and especially in the world of ophthalmic innovation, these principles are invaluable. As you embark on this journey, remember that your mentality is not just another variable in the equation of success; it is the equation. Your perspective, your resilience, your optimism are the ingredients that will create your unique entrepreneurial story.

Hold steadfastly to your dreams, being always mindful of the transient nature of setbacks. Maintain an unwavering faith in your abilities and your vision. Seek wisdom in the pages of books, in the whispers of mentors, in the silence of your own introspection. Be humble enough to learn, bold enough to dare, and resilient enough to persist.

As you close this book and gear up for your journey, remember: You are the architect of your destiny. Every thought you have is a brick in the mansion of your success. Think wisely, think richly, and let your entrepreneurial spirit soar into the vast skies of possibility.

Endings are often new beginnings in disguise. As we conclude this book, we urge you to step forth into the vast, exciting world of entrepreneurship with a renewed sense of purpose, powered by an enlightened mentality. Go forth and create, innovate, and make your mark. The world awaits your brilliance.

I leave you with a beautiful quote from Napoleon Hill. I read it at 16 years old, and now, 20 years later, I still repeat this to myself every morning before the day begins:

"O DIVINE PROVIDENCE, I ASK NOT FOR MORE RICHES BUT MORE WISDOM WITH WHICH TO MAKE WISER USE OF THE RICHES YOU GAVE ME AT BIRTH, CONSISTING IN THE POWER TO CONTROL AND DIRECT MY OWN MIND TO WHATEVER ENDS I MIGHT DESIRE."