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Entrepreneurs Offer Advice to Aspiring Startups

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What does it take to start a successful business? Some of Middle Tennessee's top entrepreneurial minds offered words of wisdom recently at the Shaping a Greater Nashville breakfast hosted by the *Nashville Business Journal*:

Flock together.

Seek out other entrepreneurs and spend time with them, said Michael Burcham, president and CEO of the Nashville Entrepreneur Center. Launching a business, or growing an existing one, can be exhausting, no matter how passionate you are.

"There's nothing more energizing than getting in a room with people like yourself," he said.

Put some skin in the game.

When LetterLogic CEO Sherry Stewart Deutschmann set out to launch the Nashville-based lettershop services company, she had plenty of interest from potential investors. But the strings that came attached to the money "looked more like ropes," Deutschmann said.

So, she cashed in her 401(k), sold everything she owned that was of value and dramatically changed her lifestyle to bootstrap LetterLogic herself. It wasn't until the company broke even that Deutschmann sought additional funding.

"At that time, it was much more attractive to somebody to invest in my company and not to want to have 75 percent of it," she said.

Townes Duncan, managing partner of Nashville-based venture capital firm Solidus Co., said investors like himself are much more eager to invest in a company that already has "points on the board," such as sales to actual customers.

“Duncan’s law of the universe is there are only two things that drive everything: greed and fear. And they’re in balance with one another,” Duncan said. “If you show up having cashed in your 401(k) and with \$2 million in sales, all of a sudden the fear goes down and it’s a reciprocal relationship. You get eager to invest.”

Investors look for entrepreneurs who are passionate about their business, said Stuart McWhorter, co-founder of health care venture capital firm Clayton Associates and president of his own company, Brentwood-based Medical Reimbursements of America.

“Make sure that not only you but your management team are committed to it — passionately committed to it — because I think you can get through anything if you are,” he said.

Know your customer.

That goes for the person you’re hoping to sell your product or service to as well as a potential investor, said Solidus Co.’s Duncan. He advised entrepreneurs to treat meetings with investors as if they were trying to land a big sales account. In both scenarios, it helps to know someone who can open the door.

“If (the meeting) can come with some sort of endorsement, for one thing that shows you’re smart. You went through the trouble of finding somebody who knows us,” he said.

Aim for perfection — and then get better.

Every business plan is about 10 degrees off from “true north,” said the entrepreneur center’s Burcham. It’s chipping away at those few degrees in between that will separate a business from the competition, he said.

“Don’t assume, no matter how well your plan looks, that it’s exact,” he said.