



2011 ESON

MEETING DATES:

February 9

March 9, Happy Anniversary Party!!

April 13

May 11

June 8

Biz Building Blocks

Genius is one percent inspiration and ninety-nine percent perspiration

When your work speaks for itself, don't interrupt.

Entrepreneur

Society of Naples



VOLUME 1 ISSUE 10

JANUARY 12, 2011

Taking Other People's Money Changes Your Life

by Francine Hardaway, Ph.D.

Taking other people's money to fund your startup changes your life in ways you cannot predict. And many of those ways are negative.

I meet with dozens of entrepreneurs a week. No matter how they couch it, they are asking for money. They come to me wanting to know first, will I invest myself? Doubtful, unless I already know them really well, know the company really well, and have some spare cash. Those often don't occur simultaneously.

Okay, then will I connect them to someone who will invest? At the very least (or perhaps it's the very best), they ask me how to get ready for funding. What do they need to do?

I always tell them to forget it.

To someone laboring in a cash-strapped startup, money often seems to be the endgame. "When I get funded," the entrepreneur thinks, "I can build a prototype, hire a development team, go to market, scale more quickly, and beat my competition." All problems

will go away.

Maybe. Maybe not. But there are some things that DEFINITELY come with other people's money. They're new and different problems.



A board. Many startups have an advisory board of sympathetic people with industry expertise, or people who enjoy mentoring, or people who donate a few services on the come. Once you take investment, you will also have a fiduciary board, with the responsibility of making the company successful. Some of those will be outside

the company. Be careful they don't outnumber your people. And that they don't set your co-founders or key employees against you in meetings. If you can, keep an odd number of people on the board, people who support you, so the board won't be deadlocked.

Don't ever take dumb money, even if you are starving.

Deadlines and benchmarks. Few investors send you the entire check immediately. of them give you some money and withhold the rest until you have proven something. Those who give you money often take a board seat so they can watch you.

ESON's first in a series of seminars

If you recall the enticing presentation last month by Jenny Craig who left us all wanting more. Immediately following the February meeting we will have an AFTER HOURS SEMINAR for an incredibly low fee of \$25 to get more in-depth information with Jenny Crain and her life changing materials. Starting the new year is the perfect time to make a commitment to change your life and become more successful and Jenny Craig will guide you on that path.

Join Jenny Craig February 9th.

Give your business a check up from the neck up



Jenny Craig, LCSW, BCD is a licensed clinical social worker, national educator, author and executive coach. Her background in neurology and psychology has led her to study in nine different countries and provide train the trainer seminars in 48 states. She has done a weekly "Check Up from the Neck Up" radio spot and has been featured on WINK news, CBS news and the Lifetime Network. Awarded Gulfshore Business's Forty under Forty for being the "wellness guru", Jenny has founded and continues to transform lives through her "Live your Power" program. She has been published in numerous magazines, is author of "Weighing Your Options" and is currently finishing her next book of clinical tools everyone needs to know to live their best life.

Find out more at
www.liveyourpower.com

*Be aware of your thoughts, for your thoughts become your words;
 Be aware of your words, for your words become your actions;
 Be aware of your actions, for your actions determine the success of
 your business. - Jenny Craig, LCSW, BCD*

Since ESON understands that your business's success is determined by your thoughts each day, we have invited national speaker and author of "Weighing your Options" and "Live your Power," Jenny Craig, LCSW, BCD to share insider's psychological tools to becoming aware of and changing the thoughts that are holding your business back.

If you are ready to take control of your mind and business, join us for this fascinating and informative seminar that no one should miss!

Entrepreneur Society of Naples (ESON)
 Wednesday February 8, 2011
 Hodges University (Naples Campus)
 2647 Professional Circle, Naples, FL 34119
 Science & Technology Building Room 150
 Wednesday 2/9/11
 6:30pm - 8:30pm
 telephone: 239-449-8556
 e-mail: info@eson.me

The Entrepreneur Self-Test By Joan Marques

There are many ways to distinguish people when it comes to their perspectives about life. One of the most basic and most obvious distinctions can be found in the way people respond to others' progress. In that regard, I have found two main types: entrepreneurs and sleepwalkers.

Entrepreneurs use other people's progress as a driving force for their own and strive to become better at what they do. Sleepwalkers criticize others in every way possible because they get satisfaction from dragging them down. Of course it's up to you what you want to be, but regardless of how you look at it, and no matter what you do for a living, thinking like an [entrepreneur](#) is no longer a luxury. It's a prerequisite for success, even if you don't run your own venture.

Here is an instrument called "Entrepreneur" that can help you find out whether you have an entrepreneurial spirit or not. I created it in collaboration with several groups of MBA students, and I've used it successfully in my business courses and seminars since. I'm often told that this test is not just a useful self-reflection tool, but also a great reminder about important focus points. A participant recently told me that she printed and framed the 12 points so that she can look at them regularly. Together, the first letters of each point form the word "entrepreneur." It works like this: Rate yourself in each of these characteristics on a scale from 1 to 5:

1 = not at all 2 = somewhat 3 = reasonably 4 = pretty much 5 = totally

Excellence: You only compare to benchmark: You look, learn and engage in self-evaluation. You make your own SWOT analysis in order to determine your personal **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats. You determine your next steps from there.

Nimbleness: You keep your eyes open for [new opportunities](#). Wherever you go, you try to find sources of inspiration. You are inquisitive, and you love to see new things and meet different people because you can learn from them.

Tenacity: You are a go-getter. Your days are often long, and others might consider you a workaholic. Your passion is renowned among your friends, and rejection only fuels your determination to succeed.

Resourcefulness: You are the creative kind. You try to find a way to make the best of every situation, and you turn crises into valuable learning experiences. You nurture your creativity because you are aware that this is the best way to stay sharp.

Endurance: You realize that success doesn't come overnight and that greatness is a product of long and repeated practice. You have learned that today's rejection often leads to tomorrow's victory, so you don't let it distract you from your goal.

Planning: Whenever you face a task, you start developing a strategy to accomplish it as effectively and efficiently as possible. Depending on the complexity of the task, you will have your plan on paper or in your head, but it's always there.

Resilience: You know that plans don't always work out as intended, so you develop backup strategies (plans B and C) to ensure continuation of your progress. "Quitting" is not a word in your vocabulary.

Effort: You are a hard worker. The days you don't have anything to do are few and far apart. You love being productive and are passionate about your work. You are an overachiever.

Nobleness: The [projects](#) you engage in contribute to the well-being of others. If they don't, you make sure that at least they don't harm anyone. You want your work to pay off, but you also appreciate a clean conscience.

Enticement: Selling your point is crucial, so you have learned to convince others that your goals are worthwhile. You take pride in what you do, but you are open to constructive criticism.

Uniqueness: Whether it is the nature of your product or service, the quality of your work, the way you carry yourself, the way you approach others or anything else, something about you sets you apart, and that something is very obvious to those who encounter you.

Reliability: This is a transparent world. Everything you do can be quickly communicated on a global scale. Aware of that, you keep your reputation solid. You meet deadlines, deliver quality work and remain reasonable in your dealings.

See scoring results on Page 4

(con't page 3: Self-Test)

How the Score Works:

50 to 60: You have a strong [entrepreneurial spirit](#). You are well aware of your qualities; you don't like to be micromanaged, and you find inspiration in many things to keep going and growing.

40 to 49: You are well on your way. You need more encouragement and might consider looking for a mentor who has strong entrepreneurial skills to help you develop your entrepreneurial mind-set further.

30 to 39: You are rather laid-back and easily satisfied with your circumstances. There's nothing wrong with that, as long as you don't get upset when others pass you by on the career ladder.

20 to 29: You have a tendency to think negatively about others who progress faster and do better than you. You blame things on others, and you feel the world owes you more than it has given so far.

Below 20: You will seriously have to try stepping out of the sleepwalker mode. You see the world as an unfair place and have stopped trying. The fact that others' efforts lead them to progress beyond you makes you negative.

Continued from Front Page: **Taking other People's Money**

Financial controls and budgets. Most startups are terrible with systems for payables and receivables. But there's an old aphorism that cash is King, and when you get a large sum, you think it will last forever, until it doesn't. You have to make the money hold out until you have met that deadline, and if you miss the mark, you might never see the rest, even though the problem that kept you from meeting it was out of your control. It's funny how investors can forget everything from technical glitches to supplier problems, to the earthquake that destroyed your factory.

Strange course corrections. Yes, it is now in vogue to say your startup can, or did, pivot. But when your investors decide that you are going to pivot and you don't think that's the right direction, the wrong investor can force you in a direction you didn't want to go in, wasting time and money. Much of this depends on how "smart" the money is about what you are doing. Don't ever take dumb money, even if you are starving.

Demands on your time. Investors are a time suck, because they need to be handheld. The worst investors are small investors. If you raise an angel round consisting of five investors who put in \$100K each, that's five people you have to answer to. Five phone calls every time things change direction, or something bad/good happens. That's why there is an entire industry built around "investor relations."

An early exit on your part. I have actually known one guy who has been ousted from the CEO job in not one, but two of his own startups, by investors who either wanted to bring in their own guy or even their own team.

I have known more than one who has been shuffled to another position whether for the right or the wrong reasons. Often these shufflings are good, because they bring in experienced management. But sometimes they bring in management with no industry expertise, and they destroy both morale and your vision. Remember "[The Social Network](#)" movie about Facebook? Remember what happened to the alleged co-founders when Peter Thiel came in? Well, some of the people who considered themselves co-founders suddenly found out they weren't!

Moral: Before you decide that it's absolutely necessary to take outside investment, explore all the possible ways you can partner, outsource, affiliate, collaborate, or...heaven forbid, get customers.

Today's article is presented by the founder of [Stealthmode Partners](#) in Phoenix, Arizona. She is a true angel investor, and has helped package and secure funding for many high-tech startup companies in the area.

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Next Meeting (February 9th)

Mr. Fred Klauke:

Mr. Klauke has been a serial entrepreneur since the age of 10 years old. He founded and was CEO of a small public company called World of Science. He had 190 store in 33 States. Mr. Klauke sold out in 2000 and currently is the President of a tax exempt Foundation called The Lion and The Lamb Foundation located in Rochester NY and Naples Florida. Mr. Klauke does benevolence work at First Baptist Church in Naples. In addition he is the Vice Chairman of the Code Enforcement Board for the City of Naples as well as a member of the Board of Directors for the Gulf Coast Venture Forum organization and Co-Chairman of the Selection Committee. Mr. Klauke will be speaking on the state of the Gulf Coast Venture Forum organization, funding in the SWFL area and generally about his experiences with entrepreneurship.

Meeting Location, Dates & Time:

- * Hodges University (Naples Campus)
2647 Professional Circle Naples, FL 34119
Science & Technology Building Rm 150
- * 6:30—8:30 pm (see website for map)
- * 2nd Wednesday every month (except August)

Organizational & Membership Information:

Address: 5767 Persimmon Way Naples, FL 34110
Phone: 239-449-8556 Website: www.eson.me
Email: ted.farah@eson.me

Executive Board of Directors:

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- Mr. Ed Livingston—Legal
- Mr. Ted Farah—President (ted.farah@eson.me)

Operations Board:

Executive Director: Kena Yoke

Board Members: Bethann Kassman, Birgit Pauli, Charles Ashback, Joyce Brown, Jenny Craig, Kim Hochman, and Ted Farah.

2011 ENTREPRENEUR'S LAW SCHOOL

>>**The Entrepreneur's Law School**, a once-a-year opportunity for small business owners to interact in hour-long sessions with local attorneys, will take place from 9 a.m. to 4 p.m. on Jan. 29 at Florida Gulf Coast University. The event is designed to help small business owners better understand legal issues pertaining to their particular businesses. For more information, visit www.cli.fgcu.edu/sbdc/lawschool.html.



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