

I-O Entrepreneurs: Applying Psychology to Startups & Small Businesses

SIOP 2017

Lessons from The Trenches

The Foundation

- **Be ready for \$0 in income.** Save up some money before you start. 6 months of expenses, minimum.
- **Be unique.** Have a real, differentiated idea/technology to bring to the marketplace. Make sure there's a market signal for your product; people have to buy what you're trying to sell.
- **Assess yourself for the startup/small business life.** Be honest with yourself about starting a business—self-awareness is key. Starting a business is extremely stressful and you have to be able to deal with uncertainty all the time and unsteady paychecks. You may not be a good fit for this—and that's OK!
- **Find your anchor.** (Courtesy of The Rock). Starting a company is a lot of hard work and it never stops. There has to be something about it you love enough to keep you going. Find that thing and keep your eyes on it.
- **Understand your intended business model and the value-chain.** Make a business plan. Be able to tell a credible story about your envisioned business and your customers and the talent/people/supplies you'd need to deliver your products and services. Who pays whom for what; what will your costs be to run the business (e.g., on monthly basis); when do costs and revenues start once you've started the business; and how much if any is left for you to pay yourself a living wage. Then test these assumptions against reality by researching current market and competitors, talking with prospective customers, estimating your business costs and building a budget, and getting feedback and advice wherever you can from other founders, business owners, or self-employed practitioners about costs, pricing, administration, etc.
- **Do the hard stuff first.** The “hard stuff” includes building value in your product that people are willing to pay more than \$0 for. The “hard stuff” means having tough conversations with people that you must let go because they don't have the grit to work for a startup. It also includes admitting mistakes, resetting your course, and continuing the path. From technology development to content (writing) to user guides to being available 24/7, you must do the hard stuff (product development and business planning) before the “easy stuff,” like creating a logo or turning on AdWords or throwing money at a conference.
- **No one else wants this as bad as you do.** Businesses get off the ground *because their founders make them get off the ground.* Founders will their companies into being. Even the most enthusiastic family

member, friend, or former coworker will not want this to succeed as badly as you do, and, consequently, will not be willing to put in the blood, sweat, and tears required to get your business off the ground. Be realistic about the folks that are working with you and how much you're going to have to devote to willing your business into existence.

Role Expansion

- **Be ready to wear and embrace every hat.** If you're just starting out, you're doing it all. Even with funding or savings, the main show is you and you have to be ready to do EVERYTHING from managing remote teams to handling customer service calls to writing copy for marketing materials. If you're not up for getting your hands dirty, owning your own business may not be for you.
-

Sales & Marketing

- **Learn to sell**—i.e. be able to explain your value proposition clearly and quickly—and make it matter to the prospective client.
 - **You *always* need to be selling.** This is true for any business, but it's especially true and especially challenging for self-employed consultants who have to deliver the work they sell. You can't ever stop customer development... and "doing great work" on your current project, while essential, is not enough. You need to make the time to be prospecting every week, even just a little, whatever this looks like for your business (networking, checking on prior customers, cold-calling, marketing, blogging, social media, etc.). If you stop working to fill your pipeline of projects and customers when you get busy delivering work or when you appear to be fully booked out for months, you are very likely to see big gaps in earnings at the end of projects when you start the often-lengthy sales cycle anew. Selling and delivery (and then maintenance and renewal/cross-sale) are necessarily sequential within-customer – but they must be continuous and parallel business activities across-customers.
-

Mentoring, Training, & Development

- **Follow the lead of others.** Choose your mentors wisely. Even the savvy business people/leaders/executives you've worked with/for before may not know what it's like to build a business from scratch: learn from folks who have created something out of nothing. Read *Traction*. Listen to and read anything by Seth Godin (most importantly, *The Dip*). Listen to the Startup Podcast. People have tried and failed, and tried again and succeeded: learn from them.
- **You're not alone.** Regardless of where you live, there are resources available to you and people willing to help you. Find a handful of colleagues whose opinions you trust and solicit advice early and often. Even if you're not in the same industry, running a company is running a company to some extent. And when someone asks *you* for help, always try to be there for them.
- **You don't know everything.** Yes, you have the final say in decision-making, but that does not make you infallible. Ask your team for input often, and listen to what they say. Your processes have to work for everyone, not just you.

Leadership Development

- **Take care of your people.** The most successful companies are not centered around a product, but rather the people who work for the company.
- **Learn how to run a business.** Get as much training on the stuff they don't teach you in grad school (sales/marketing/accounting) as you possibly can. Read constantly.
- **Be aware that talk is cheap.** Smart, ambitious people have lots of ideas and love to make plans. But unless and until you get it in writing, plans and ideas are simply talk and aren't actually helping your business. For example, prospective clients who provide lots of opportunities for interaction... but who never sign a contract. Research partners, distribution partners, or other prospective business partners who agree on the shared opportunities and mutual benefits of working together, who develop joint plans with you over hours of conversations and emails, who even review extensive partnership agreements that you handcraft for them for this opportunity...but then suddenly walk away, after months of conversations and anticipation. And planning. As a leader, you need to find opportunities to shortcut planning and get to "yes" or (even better) "no" decisions sooner by confronting the decision requirements head-on; ask yourself and your potential partner or customer "what will it take to move this forward" not "what are our detailed plans for making this successful if we move forward." You'll figure out the How once you're on the journey.
- **But know that your words are powerful.** What you say to other people, what people remember about you, your reputation, your presentation and communication styles, your vibe, your enthusiasm, your arrogance, your empathy, your choice of words, your timing, your voice, your nervous tics... all of these affect your success, sometimes in seemingly unpredictable and contradictory ways. You may be a hit with one client and bomb with another. But you are the brand for your business, at least at first, and you need to be comfortable in the spotlight and under everyone's microscope (prospective customers, team members, business partners, media, investors). You need to be comfortable in your own thick-skin and not sweat the small stuff, and you have to try not to over-analyze past events (even as a psychologist), because you never really have the full story for why people act and react the way they do.
- **You will fail.** When you do inevitably crash and burn and have a truly terrible meeting or awful conversation, try to keep some perspective (not all your meetings go that way), mourn briefly if you need to, but then **move on**. All you can do is to move forward, keep doing your genuine best to try to help people and their organizations, to influence positive outcomes, to learn what you can when you have specific and credible feedback about how you can improve, and to keep speaking your truth and swinging for the fences.

About Our Businesses

Brave Leaders Inc, a company of the Brené Brown Education and Research Group, provides courage-building programs for leaders at every level of an organization. We focus on engaging learners with relevant offerings that lead to professional and personal growth; making learning user-centered, time-efficient, intuitive, and inspiring; cultivating learning environments that fuel connection and shared experiences; and, sharing tools and strategies that allow learners to embed the new practices in the culture.

DataPoints is a technology-enabled assessment and behavioral research company. Using more than 40 years of behavioral, consumer, and demographic data and findings that shaped the best-selling book, *The Millionaire Next Door*, we provide behavioral finance solutions that enable individual and organizational growth. Our proprietary assessment technology analyzes individual wealth behaviors, and reveals activities scientifically proven to impact their ability to generate wealth over time. Our scientific assessments enable financial advisors to add a deeper layer of personalization to their counsel, helping them to increase prosperity for their clients and their firm. Visit us at www.datapoints.com.

Psychobabble, Inc. Psychobabble, Inc. was founded in 2015 in Portland, Oregon, with a vision to transform talent assessment with new technologies and new thinking. We believe assessments can be more fair, more predictive, and a lot more engaging than the same old multiple-choice tests we've been using for literally 100+ years! Psychobabble's mission is to improve employment decisions for both employers and candidates with experiential, performance-based talent assessment technology. Psychobabble combines Natural Language Processing with Psychometrics to develop pre-employment assessments that predict performance and engagement while delivering an unprecedented candidate experience to support employer brand and talent attraction. Let's talk about how Psychobabble can help you improve candidate experience AND hiring quality and diversity! Email: info@Psychobabble.com

Quantum Improvements Consulting provides training research, development and assessment solutions to help humans and technology work together more effectively. Specifically, we work with Government and industry clients throughout the technology development lifecycle to ensure the end product is easy to use and effective. Our core capabilities include user needs analysis, usability testing, application of data analytics, assessment development, and effectiveness evaluations.

Strategic Management Decisions (SMD) is an employee survey and assessment company that delivers results, not just insights, via its patented cloud-based technology, [SMD Link](#). SMD identifies the cause-effect relationships between talent assessments and business outcomes to ensure the surveys translate into analytics-based, actionable ways everyone down to the front line can work to improve specific business outcomes. The company recently launched its [results-based pricing model](#), which *guarantees* business outcomes such as turnover reduction and improved patient satisfaction scores.

About Us

Dr. Sarah Stanley Fallaw is the founder and President of DataPoints. Prior to founding DataPoints, Dr. Fallaw served as Director of Research for the Affluent Market Institute (AMI), a research organization founded by Dr. Thomas J. Stanley, author of *The Millionaire Next Door*. She worked for SHL (now a subsidiary of CEB, formerly known as Qwiz and PreVisor) for over nine years, serving in various roles including managing Product Management and Professional Services groups. Dr. Fallaw also served as an Organizational Consultant with Right Management Consultants, working with Fortune 500 companies on hiring practices, employee surveys, and organizational research. Sarah's areas of expertise include life experiences (biodata) research, psychometric test development, personnel selection, surveying and statistical analysis. Her unique work in the field of financial planning and wealth research has been quoted in MarketWatch, Money magazine, InvestmentNews, and US News & World Report, among others. She received her Ph.D. in Applied Psychology from The University of Georgia, and is a member of the Society for Industrial and Organizational Psychology.

Dr. Ken Lahti is CEO and Founder of Psychobabble, a technology startup building next-generation assessments using natural language processing. Ken has worked in the field of talent assessment and selection for 20 years, working with hundreds of client organizations to design and implement scientific recruiting and selection systems. Ken has worked across Consulting, R&D, Product, and Sales functions in both front-line and leadership roles. Prior to founding Psychobabble, Ken was with CEB (formerly known as SHL, PreVisor, and ePredix), most recently serving as Vice President of Product Development & Innovation for the world's largest employment testing company. Merging commercial strategy with scientific innovation, Ken led R&D and product strategy for a large integrated assessment product portfolio and directed two patent submissions for online testing systems. Ken has presented at events hosted by organizations such as the Society for Industrial-Organizational Psychology (SIOP), HR.com, the Human Capital Institute, and SHRM. He is often quoted by the press, including the Washington Post, Wall Street Journal, Financial Times, and Workforce Management, and he has also written for HR and business periodicals such as Talent Management Magazine. Ken completed his Ph.D. in Industrial-Organizational Psychology at Colorado State University.

Scott Mondore is an executive, turnaround-CEO, technology innovator and best-selling author & speaker with over 17 years of experience in the areas of HR technology, analytics, strategy, talent management, measurement, sales and customer experience. As a CEO, Scott has led three successful company turnarounds (in different industries) and created numerous successful joint ventures in diverse industries including healthcare, labor relations and sales training. Scott is the managing partner of Strategic Management Decisions (SMD)—an HR technology company with the only patented assessment tools that link data to business outcomes with customized action planning tools. Before SMD, he served as East Region President for a large survey/assessment company. Before that, Scott worked as a Corporate Strategy Director at Maersk, Inc. He also worked as an Organizational Effectiveness Leader at UPS, focusing on employee assessment and measurement. He is the co-author of two best-sellers: "Investing in What Matters: Linking Employees to Business Outcomes" (SHRM, 2009) and "Business-Focused HR: 11 Processes

to Drive Results” (SHRM, 2011). He has also published numerous articles in prestigious business and psychology journals in the areas of leadership effectiveness, employee litigation, assessments and employee safety. Scott recently won the Walker Award for ‘best advances in state-of-the-art HR practice and thinking’ from HRPS for his article “Maximizing the Impact of HR Analytics to Drive Business Outcomes”. Scott holds a master's degree and doctorate in Industrial/Organizational Psychology from The University of Georgia.

Dr. Jennifer Murphy is the CEO of Quantum Improvements Consulting, LLC. She has over 11 years of military selection and training research experience, with an emphasis on leveraging innovative technologies for improving human performance in a measurably effective way. Her current research focuses on developing assessments of Warfighter skills to enable adaptive training, predictive modeling, and improved training effectiveness. Dr. Murphy holds a PhD and MS in Cognitive and Experimental Psychology from the University of Georgia. During her tenure at the Army Research Institute, her work focused on technology-based training and selection measures for Soldier skills. Her projects included the development of selection measures for vigilance performance, developing casual games for training, and videogame-based training for night vision goggle use. Additionally, she led a team of senior government scientists in developing measures for identifying the cognitive and perceptual skills critical to visual IED detection, and then developing and validating videogame-based training for these skills, including vigilance. Prior to founding QIC, Jennifer served as Director of Defense Solutions at Design Interactive, Inc., where she managed a portfolio of efforts incorporating cutting edge technology into training solutions for defense clients. Her research has been featured in *The New York Times*, the Pentagon Channel, *Soldier Magazine*, and *Signal Magazine*.

Dr. William A. (Bill) Gentry is currently the Executive Director of Brave Leaders Inc, a company of the Brené Brown Education and Research Group. He is also an adjunct assistant professor in the Psychology department at Guilford College and an associate member of the graduate faculty in the Organizational Sciences doctoral program at the University of North Carolina, Charlotte. He was formerly the Director of Leadership Insights and Analytics and a Senior Research Scientist at the Center for Creative Leadership. Bill has more than 70 academic presentations and has published more than 40 articles in such journals as the *Journal of Applied Psychology*, *Journal of Organizational Behavior*, *Journal of Vocational Behavior*, *Personnel Psychology*, *Personality and Social Psychology Bulletin*, and *The Leadership Quarterly*. He serves on the editorial review boards of the *Journal of Business and Psychology*, the *Journal of Organizational Behavior* and *The Leadership Quarterly*. In addition, his research has been featured in Forbes.com, Harvard Business Review, the Wall Street Journal online At Work, and CNN.com. Bill's first book on first-time managers and new leaders, published by Berrett-Koehler Publishers, is titled *Be the Boss Everyone Wants to Work For: A Guide for New Leaders*. Bill graduated summa cum laude from Emory University in 2000 and received his M.S. in 2002 and his Ph.D. in 2005 in Industrial-Organizational Psychology from the University of Georgia. In 2011, Bill was inducted into the inaugural class of the University of Georgia's 40 under 40, as one of the top 40 graduates of the University of Georgia under the age of 40.