

# 10 Business Mistakes That Broke Me... *Literally!*

Neil Patel  
KISSmetrics

1. Do you have the right business partner?

# How I used to pick them

- Friendship
- Ivy league schools
- Where they cool?
- Would fall in line

# The Crazy Egg story

- I gave away 10% of the company
- Got sued by them for mismanagement of funds
- Showed the books
- Bought out their shares

# Lessons learned

- A partnership is like a marriage
- Have good contracts with out clauses.
- **Vest shares**
- Pick opposites
- Make sure they are financially stable

1. Do you have the right business partner?

---

--  
2. Time isn't on your side

# Execute fast

Move as fast as possible. If you  
move

slow like a large company, someone  
will

beat you to the punch. **If you wait 3  
months to launch, you're moving too  
slow.**

# The Serph story

- Had business partners
- Spent \$1,000,000 in borrowed money
- Launched nothing in 12 months
- Tried to create the ultimate hosting environment



# Lessons learned

- Set firm deadlines
- Don't worry about perfection.
- Create small milestones and goals
- Hold individuals accountable

1. Do you have the right business partner?

---

--

2. Time isn't on your side

---

--

3. Focus, focus, focus

# There isn't enough time

If you are lucky you'll be able to  
spend

70 to 80 hours a week working on  
your

business. If you aren't you will only  
be

able to spend 50 to 60 hours. **There**

**isn't enough time to do 2 businesses.**

# The ACS story

- Tried to expand in too many directions (ppc software, web analytics, facebook apps)
- Lost focus on what brought in the revenue
- Neglected sales channels

# Lessons learned

- Have laser focus until revenue flattens or growth slows down.
- Focus on improving instead of expanding.
- Double down on your core business
- Continually innovate

1. Do you have the right business partner?  
-----  
--
2. Time isn't on your side  
-----  
--
3. Focus, focus, focus  
-----  
--
4. Build for your customers

# Your customers pay you

You don't pay yourself, your  
customers

do. So don't just build products for  
yourself, build them for your  
customers.

# The KISSmetrics story

- Wasted \$1,000,000 on version one
- Spent 1 year on version one
- Version 2 didn't work either, took 6 months.
- Version 3 was built for customers and took less than 30 days to launch



# Lessons learned

- Create minimal viable products
- Continue to iterate until you have product market fit, then go to market
- Don't worry about perfection, it is over rated

1. Do you have the right business partner?  
-----  
--

2. Time isn't on your side  
-----  
--

3. Focus, focus, focus  
-----  
--

4. Build for your customers  
-----  
--

5. Emotions and business don't mix

# Have a clear mind

When you're emotional, **you'll make decisions that make you feel good** instead of making decisions that will make you more money.

# The [mystery] story

- Was an advisor to a company
- Made them \$200,000 in 60 days
- They let me go, my shares didn't vest
- They introduced me to company that signed a \$500,000 deal

# Lessons learned

- Never burn bridges
- There are always two sides to each story
- Don't make rash decisions, think things over for a day or two

1. Do you have the right business partner?  
-----  
--

2. Time isn't on your side  
-----  
--

3. Focus, focus, focus  
-----  
--

4. Build for your customers  
-----  
--

5. Emotions and business don't mix  
-----  
--

6. Only hire loyal employees

# Loyalty matters

Hiring good employees isn't enough.

**You need loyal employees** because  
shit happens that you can't control.

# The Fruitcast story

In 2005 I lost the opportunity to sell the company to “search giant” because a key employee didn’t want to work for them.



# Lessons learned

- Hire people who fit within your culture
- Make sure everyone has similar short and long term goals
- **Be transparent**

1. Do you have the right business partner?  
-----  
--

2. Time isn't on your side  
-----  
--

3. Focus, focus, focus  
-----  
--

4. Build for your customers  
-----  
--

5. Emotions and business don't mix  
-----  
--

6. Only hire loyal employees  
-----  
--

# Sell when you can

If someone is offering you a lot of money for your company, take it... especially when it makes sense.

Don't

be too optimistic as tough times are always around the corner.

# The Crazy Egg story

- Spent \$250,000 to launch the company
- Had a verbal buy out offer for \$6,00,000
- Bleeding \$20,000 a month
- I wanted \$10,000,000 because the company could afford it

# Lessons learned

- What goes up must come down
- You don't need much money to be happy
- If it is life changing, go for it
- There is nothing wrong with having someone make money off of you

7. Don't be too greedy

---

--  
8. Frugality is sexy

# It's hard to make money

It's easier to save money than it is to make it. Because of that, you should always save it, as you never know when you are going to need it.

# The ACS story

- Tried to buy a Maserati
- Spent too much money on building software
- Recession hit us hard
- Would have been a huge business if we didn't waste our cash



# Lessons learned

- Save your money while you can
- **Cut your salary before you fire**
- Don't waste money on things that don't matter
- There is nothing wrong with having money sitting in the bank

7. Networking is work

---

--

8. Frugality is sexy

---

9. Never take “no” for an answer

# No means not right now

Just because someone tells you  
“no”, it  
doesn't mean you can't convince  
them  
to turn that “no” into a “yes”.

# The Crazy Egg story

- Pitched over 30 VCs to raise money
- **Everyone said no**
- Were told we had a bad business
- We quit at fund raising

# Lessons learned

- No means “not right now”
- We were able to raise money for KISSmetrics from the same investor who said no.
- When someone says “no” ask them why

7. Networking is work

---

--

8. Frugality is sexy

---

9. Never take “no” for an answer

---

--

10. Embrace criticism

# Have an open mind

Don't get offended when people give you advice. Have an open mind and in the end it is your decision on what you want to do.

# The Neil Patel story

Every time people called me out, I  
used  
to get mad. I always felt people had  
it  
out for me, and I was always  
defensive  
it.



# Lessons learned

- Embrace criticism, it just helps you win
- You can never stop learning
- Ask for criticism, don't wait for it
- Not all criticism is equal

# Follow me online

My blog: [QuickSprout.com](http://QuickSprout.com)

Twitter: [@neilpatel](https://twitter.com/neilpatel)

Company blog:  
[blog.kissmetrics.com](http://blog.kissmetrics.com)

# Slides

Have questions? Contact me!

Neil Patel

(562) 292-3834

[npatel@kissmetrics.com](mailto:npatel@kissmetrics.com)

[kissmetrics.com](http://kissmetrics.com)