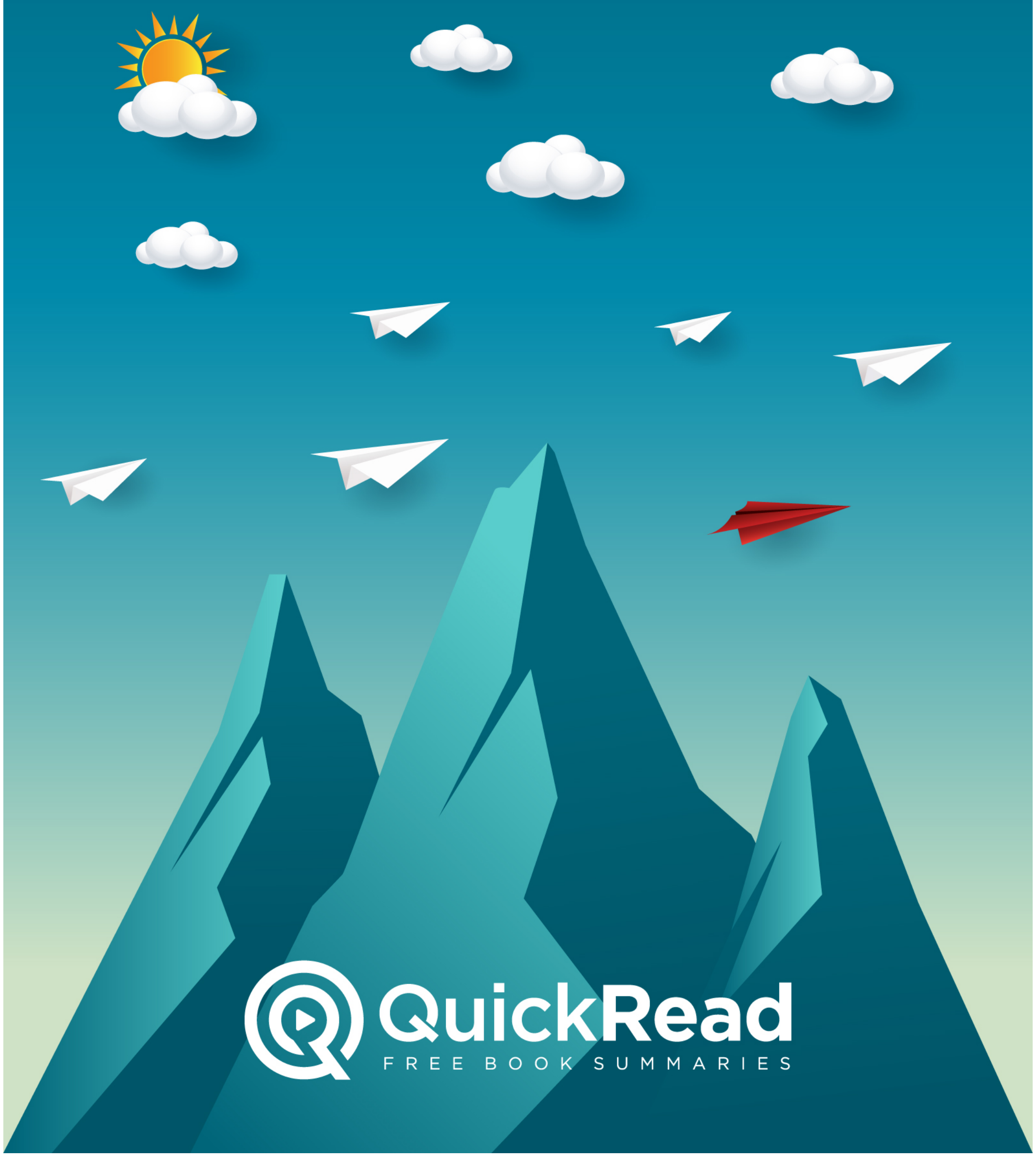
SUMMARY

COMPANY OF ONE

PAUL JARVIS



Summary of “Company of One” by Paul Jarvis

Written by Lea Schullery

Why Staying Small is the Next Big Thing for Business

Introduction	5
A Company of One Must be Resilient and Simple	6
Start Small and End Small	8
Grow a Company of One From a Passionate or Practical Side Gig	10
Avoid the Lure of the Beast and Find a Niche	12
Build Trust and Utilize the Power of Referral Marketing	14
Avoid Large Investments and Start a Crowdfunding Campaign	16
Chapter Seven	18
Final Summary	20

Introduction

In February of 2010, author Paul Jarvis and his wife traded their big-city life in Vancouver for the escape of a smaller, slower life in Tofino on Vancouver Island. They were sick of the constant stimulus and stress of urban life - the lights, the sounds, and distractions, the constant “buzzing.” But they weren’t just scaling down physically, they were scaling down mentally as well. It was during this time that Jarvis gained clarity on the benefits of staying small in every aspect of life, even business. Then, one summer Jarvis went out surfing in Tofino with one of his accountant friends. While they were waiting for the next wave, his friend turned to Jarvis and said, “I’m stoked! I’ve just about made enough to take the rest of the year off to go rock climbing.” It was only August. A bit puzzled, Jarvis inquired about exactly what his friend meant. He explained that he had calculated what he needed to make in profit to cover the cost of living and had put a decent amount of money into investments. He had simply figured out exactly what he needed to be comfortable and didn’t need to accumulate any more.

Yes, you read that correctly, he didn’t *need* any more money. He decided he would stop working when he finally earned *enough*. He didn’t care to grow his accounting business into a bigger business with multiple locations. If he did, he wouldn’t be able to spend time doing what he truly loved, like rock climbing and surfing. In fact, staying smaller means growing smarter, more efficient, and more resilient companies. Staying small doesn’t always have to be a stepping-stone to something else; instead, it can be an end goal or a smart long-term strategy, allowing you to scale up revenue, enjoyment, focus, autonomy, and experiences without scaling up your employee payroll and stress levels. “The *company of one* approach doesn’t necessarily apply only to single-person business, it’s simply a model for using the power of you to be more self-reliant and more responsible in your own career path.”

A Company of One Must be Resilient and Simple

In today's world, we are constantly surrounded by the idea that we need *more*. We need more money, more time, more success, more ideas, etc. The problem is that when we finally achieve more, we don't ever feel like it's enough, so we continue our pursuit to gain even more. And thus we begin a vicious cycle. A company of one, however, rejects this philosophy. These companies are chanting "enough is enough" and are seeking a more stable, sustainable approach to business. In a company of one, your mindset changes to building your business around *your life,* not the other way around.

A company of one isn't about anti-growth or anti-revenue, it's simply about resisting growth and finding a better, smarter way forward. And to become a company of one, you'll need a few traits, the first being *resilience*. Danielle LaPorte is a best-selling author and self-made entrepreneur and is on the list of Oprah's "Super Soul 100" leaders. But getting to that point took resilience. In the beginning, she believed she needed exponential growth for her business, so she took $400,000 from private investors and hired a CEO to help run the business. Just six months later, the investors and CEO decided to change the business model, relegating Danielle's role to a few blog posts a month and drastically decreasing her pay. The business, that was named after her and driven by her own unique personality, was gone.

After the initial shock, Danielle quickly brought on a new team, created a website, and figured out a way to make money while keeping her in full control of the company. She offered consulting services that became wildly popular, so much so that she needed a waiting list. And then she wrote a best-selling book. She finally found success in becoming a company of one, and she wouldn't have been able to do that without resilience. Resilience means being able to recover quickly from difficulties - like a changing job market, or being fired! Furthermore, resilience is also about finding your sense of *purpose*. It's about being motivated by a sense of meaning rather than money, so when those inevitable hardships do come, you'll become resilient by finding comfort in doing something that brings value and meaning.

Another trait of a company of one is implementing simple rules, simple processes, and simple solutions. It's all about *simplicity*. When you simplify your business, you begin to free up time to either take on more work or more clients. Therefore, you should routinely question everything you do. *Is this process efficient enough? What steps can be removed and the end result be the same or better? Is this rule helping or hindering our business?* Furthermore, simplicity means being predictable. Being predictable means that simple products are easy to understand. For example, Casper mattress makes business simple.

Casper solves a single problem by providing you with a mattress that simply helps you get a better night's sleep. Furthermore, they make just three styles, not over 100. They don't make over-the-top claims and they make their customer experience simple. They target a younger generation who don't want to go to the store and talk to salespeople. So they offer online shopping with a 100-day trial period in which customers can return the mattress if they don't like it. In other words, they keep it simple.

Start Small and End Small

A company of one is about staying small as an end goal. As we mentioned earlier, many companies work towards the goal of making more money. And when there's more money, there are more problems. Typically, more profits require more sales, more customers, and even more production. As a result, your company needs more employees, more infrastructure, and more bureaucracy. In the end, your company costs you more than just money; it also costs you your sanity and your free time. That is why Sean D'Souza doesn't want to grow his company.

Sean owns Psychotactics, a consultancy that teaches other businesses the psychology behind what motivates customers to buy or not buy. He earns money through its website and in-person training workshops. Sean, however, is only interested in reaching his target limit of $500,000 a year in profits. While this goal may seem counterintuitive to what we're taught about business and success, Sean feels that success is more than making a profit. Of course, profit and sustainability are important for business, but they aren't the driving force of Sean's business. Instead, Sean simply wants to improve his quality of life, which involves three-month vacations with his wife and children.

To do this, Sean wakes up at 4:00 AM each day and works from a small office in his backyard. He begins by recording audio for his podcast before the rest of the world becomes too noisy. The rest of his routine is typically answering questions for his customers on his private message board on his website. Furthermore, Sean doesn't meet his $500,000 target goal with marketing and promotion; instead, he meets it by paying attention to existing customers. You see, businesses often focus on how they can reach more people and grow their customer base. As a result, they forget about the customers that are already there that are supporting them.

One of Sean's customer retention strategies is sending customers a box of chocolates with a handwritten note, and sometimes a small cartoon that he draws. The package costs him about $20, including the shipping from New Zealand where he lives, but it's what customers talk about the most! Customers could spend $2,000 on a training course but still only talk about the chocolate. He could even give a speech at an event, and people will still talk about the chocolate. That's because customers love small touches that show them that they are appreciated. For Sean, success is staying small.

So when it's time to start a company of one, begin by figuring out the smallest version of your idea and then find a way to make it happen quickly. And like Sean, it's important to focus on your customers. Ask yourself questions like, *Why did they buy? What motivated them to do so? How can I keep them happy?* And most important: *How can I help them succeed?* When you treat your customers like a real relationship and not a transaction, the more you can figure out how to help them, and they will become more likely to become customers again. For example, when Alexandra Franzen quit her job to go out on her own, she didn't waste time and money renting office space or buying business cards; instead, she emailed every person she knew. She wrote each one a personal email stating that she was working as a freelance writer and was looking for work.

By the end of the week, she had emailed 60 people and almost everyone had written her back, either giving her ideas about others to contact or asking to hire her. She worked on three small projects, and those three projects started a snowball effect. Now, she is booked almost a *year* in advance. In short, start small. Instead of waiting for bigger wins, simply focus on the small wins to propel you further to success. Avoid the "growth equals success" mentality and you'll find that you'll become more profitable much sooner than expected.

Grow a Company of One From a Passionate or Practical Side Gig

So when it becomes time to start your company of one, there are certainly some dos and don’ts. One of the biggest don’ts is quitting your day job. Like most companies of one, they are built out of side gigs or hobbies that people enjoy. Take Tom Fishburne, for example, who had a great career as the vice president of marketing at a large consumer foods company. But his passion was drawing cartoons, so he made a plan to make his exit in a way that would ensure success.

As Tom worked his corporate job, his cartoons were shared by his friends, and then to other friends, and so on until they began to garner attention. He then began to take on side gigs to draw during the evenings and weekends for companies who wanted to pay him. But he didn’t leave his job right away. Instead, he waited until he had a steady line-up of clients and money saved up, he finally pulled the trigger and left his corporate career to begin his own venture. That was just seven years ago, and since then, Tom has made two to three times more income as a cartoonist than when he was an executive. But this didn’t happen because Tom grew an agency and expanded across the globe.

Instead, Tom’s company Marketoon is still run by him and his wife in a studio in their backyard in Marin County, California where their two daughters can sit and draw cartoons with them in the afternoon. Occasionally, they hire a few freelancers to work on isolated projects but that’s as much growth as they do. Tom can still run a successful business with less. He doesn’t have to worry about human resources, rent office space, salaries, or even managing employees. With a simple approach to business, Tom has created a “stable, long-term business that’s small enough to handle any economic climate, resilient enough to not have to lean too heavily on a single project or client, and autonomous enough to let him build a life around his work.”

In the end, Tom can spend every day with his family while doing what he loves. He can draw cartoons while spending time with his daughters for multinational companies that pay him more than most illustrators earn. Tom successfully turned his passion into a career; however, many passions aren't always an in-demand, marketable skill which makes passion a problem. We hear cliché advice all the time, "follow your passion;" however, this advice fosters the entitled attitude that we should be getting paid for enjoyable work.

A 2003 study by Robert Vallerand, a professor of psychology at the University of Quebec, found that students were more passionate about sports, arts, and music than the major they were studying. In fact, only 3% of all jobs are found in the sports, music, and art industries. So, if you're passionate about tennis, it will become difficult to become the next Serena Williams, no matter how much you train. Unfortunately, the same goes for other passionate activities that only a small percentage of people can do and earn a living. In other words, you might need to become more practical.

Sometimes you might not even find your passion until later in your career. For example, author Paul Jarvis started his own business in web design only after he became an in-demand designer at an agency. During his time as an employee, he built up the necessary skills he needed before leaving to go out on his own. In fact, he wasn't passionate about web design at all. Instead, he simply focused on developing a marketable skill, and when he quit his job, many of his clients wanted to follow him. In the end, his passion came later in life and emerged from mastering a skill set that other people needed.

Avoid the Lure of the Beast and Find a Niche

Once you find your marketable skill, your initial thought might be how you can reach the most amount of people. After all, the more people you reach, the more customers you attract, the more sales you make, right? Well, it is in this pursuit of growth that many companies and founders encounter "the Beast." When a company focuses on growth, they often put in complicated systems to handle an exponential amount of growth and scalability. In turn, this means more resources to manage, which then require more complex systems, and so the vicious cycle continues.

Danielle LaPorte's "Beast" was a system she created to match her grand vision for her business. To match her vision, she invested in a million-dollar website to take her business to the next level. The problem with a million-dollar website is that it requires a team of experts to manage and run, including updating blog posts or products, which then requires a tremendous cost. The Beast must be constantly fed, and Danielle couldn't keep up with its appetite. When she realized that exponentially growing her business meant continuing to feed the Beast, she knew it had to be destroyed.

When Danielle stopped focusing on growth and scale, she was able to begin focusing on the people who were already paying attention to her work. "She likens her decision to stop trying to reach infinitely more people through paid channels to feeding only those people who show up for dinner." As she found out, there were still hundreds of thousands of people showing up for "dinner." Unfortunately, lusting after the beast is natural and human. I mean, we all want to feel loved and wanted. Even large companies aren't immune to the danger of chasing the Beast. Companies like Starbucks and Krispy Kreme have pursued aggressive scaling that they paid a steep price for.

Starbucks, for example, is known for its boutique coffee experience, but it wasn't always that way. Starbucks began opening up hundreds of stores around the world and decided to scale faster by adding sandwiches, CDs, and fancier drinks. This rapid expansion only diluted the Starbucks brand of being a boutique coffee shop and the company became forced to close 900 stores. Krispy Kreme made similar mistakes when they decided to expand into grocery stores, gas stations, and even multiple locations in small areas. No longer was Krispy Kreme the scarce donut shop that it had once capitalized on. Eventually, franchises became pitted against each other, which resulted in a drop in sales and profits. Its newly massive size also created accounting nightmares that forced it into a $75 million settlement with the U.S. Securities and Exchange Commission.

Furthermore, chasing after a mass audience not only dilutes your brand but it also attracts more competition. This is why finding a niche is the most effective strategy. In fact, the more specific you are, the easier it becomes to sell to a particular group and charge a premium for your product or service. Kurt Elster, for example, built an entire business around store owners who use the e-commerce platform Shopify to sell their products. With more than 400,000 businesses using Shopify, he still had a large pool of potential clients. By building trust, Kurt has made a name for himself in Shopify consulting, even becoming featured on Shopify’s website.

Build Trust and Utilize the Power of Referral Marketing

As the world moves to online businesses, it's becoming more important than ever to build trust with your customers. Consumers want to support companies that share their values and provide the best customer service. Even better, many are willing to pay for these extra benefits. But with the rise of the internet, it has become possible to complete both digital purchases and leave consumer reviews. This gives consumers a great deal of power.

Of course, this idea is nothing new. Back before the internet, family-run stores were places where one-to-one relationships were built. These stores could be trusted to keep their promise and provide a good product at a fair price, and so purchases became business transactions built on personal relationships. Today, the internet has only amplified these relationships and scaled them through tools like social media, software, and newsletters. So while you can scale your relationships with your customers, you can do this without scaling your business at the same time.

One of the most powerful marketing tools for companies of one is word-of-mouth or referral marketing. Unfortunately, many businesses ignore this crucial kind of marketing because they believe it will happen organically. But if you want to benefit from referral marketing, you'll need to put in the effort. A study at Texas Tech found that while 83% of customers are willing to provide referrals, only 29% actually do so. For most businesses, this is a huge missed opportunity! So how do you take advantage of such a powerful tool? Well, a Harris Poll study conducted on behalf of Ambassador Software found that 88% of American consumers would like an incentive for sharing products they like, and that number jumps to 95% among 18-35-year-olds. This doesn't mean offering cash for referrals, a cash incentive actually reduces trust. Instead, customers are happy with small discounts, exclusive "swag," special offers, and access to premium features.

But you don’t need to sell products to capitalize on word-of-mouth marketing, service-based businesses can benefit as well. Simply talking to clients a few weeks after a project is finished can lead to two massive benefits. The first is being able to collect testimonials based on the real results the client is seeing. The key is to wait a few weeks or a few months to help you garner better stories from clients. Immediately reaching out for a testimonial might not allow enough time for the client to see the benefits quite yet. The second benefit is that by creating a schedule for following up with clients, you can ask them if they know of other businesses that could benefit from your services the way they have. This way, by creating a schedule for following up with clients, you can turn referrals into an effective strategy!

Avoid Large Investments and Start a Crowdfunding Campaign

As mentioned previously, simplicity in your business is key. And once you begin to gain clients and customers, you might be tempted to make some big decisions in your business to help it grow, like finding investors. In a traditional start-up, businesses rely on external investors to pump a great deal of capital into their companies. But you are a company of one, not a traditional start-up; therefore, you should avoid making large investments. Ultimately, staying small will allow you to make a larger profit and allow you to keep full control of your company.

Jeff Sheldon of Ugmonk, for example, wanted to create and sell a desk organizer called Gather, but selling physical products is difficult work. That's because selling products involves a great deal of planning and manufacturing agreements that can involve minimum orders and a large investment of upfront cash. Of course, this is why many companies rely on funding, bank loans, and investors to get their product up and running. Jeff, however, decided to test his new product idea by creating a crowdfunding campaign. If the product became a success, he would raise the capital he needed without giving up control of his company to investors. Because Jeff had already built a large audience for his Ugmonk brand, his Kickstarter campaign was able to generate over $430,000, garnering more than enough to cover all the costs required to put Gather into production.

Jeff was able to receive funding directly from his audience instead of relying on outside investors who might not have shared his vision for his product. Not surprisingly, crowdfunding has become a popular trend for raising capital in a business. Not only do you keep control of your company, but it’s also far easier to access venture capital money, and it puts your idea directly in the hands of potential customers. Choosing to receive venture capital money from investors isn’t all bad though. When you choose to go that route, you gain the opportunity to access a much-needed mentorship and build business relationships that might further help you in the future.

Ultimately, you not only gain money to create a product, but you also gain insight into how to run a company. The problem is finding people who have money, share your vision, *and* are eager to invest in your idea.

Research from Harvard Business School shows that investors, who are predominately white males, prefer to fund ventures run by people like them - other white men. In crowdfunding, however, women excel and are 32% more successful at hitting their fundraising goals than men. For example, Katherine Krug, the CEO of a company called BetterBack, raised more than $3 million in crowdfunding for a device that helps those who suffer from lower back pain from sitting at a desk. Additionally, Katherine famously turned down a *Shark Tank* deal and believes that crowdfunding is an ideal platform for female entrepreneurs to secure capital for new products. Even better, crowdfunding is liberating for companies of one. Katherine herself works from all over the world, spending each quarter in a different country with a small team spread around the globe. This allows her to focus more on personal growth than on exponential profit increases.

Chapter Seven

We are often bombarded with countless advice on how to begin working for yourself. We hear about the success stories and the freedom that people gain when they cast off the shackles of full-time employment. We hear glamorous stories of people working from their laptops on various beaches across the globe sipping a cocktail with sand between their toes. Sounds too good to be true, right? Oftentimes, it is. In fact, Jarvis believes that working for yourself isn't a viable option for everyone. Not because they can't do it, but because it just doesn't make sense for everyone. You see, people who go out on their own don't often tell about the trials and hardships of owning your own business.

When you're the boss, there's no HR department to do payroll, benefits, and training. There's no accounting department to handle payables and receivables. No sales or marketing team is creating new business leads for you. You take on each of these jobs yourself. Sure, some people are perfectly okay with doing this kind of work, but others aren't. The people who start their own company spend approximately half of their time, or less, doing their core skills - writing, designing, programming, etc. They then spend the rest of their time on the business - chasing leads, doing their books, communicating with clients or customers, marketing, and more.

Those who go out on their own become infatuated by the idea of going out on their own, and they focus on the wrong things: the business cards, the fancy websites, the new logos. But they forget about the daily rigors of running a business. You see, some days you might be buried in accounting spreadsheets, or trying to calm an irate customer, or completing your third round of revisions from a client. To get through these hard days, you need to have passion and purpose in what you are doing. For Jarvis, his purpose was to foster strong client relationships rather than become the best designer. He states, "Purpose is required in that you have a north star that will drive you long-term without blinking out."

You see, if you go out on your own simply to get rich quick or achieve business fame, you aren’t going to be motivated for long considering neither of those things is quickly possible, no matter who you are. So ask yourself: Why do you want to work for yourself? What will drive you to keep going when things get rough or take longer than you hoped they would? What will make it worth it when you’re stuck in the day-to-day minutiae of running a business? In the end, you must challenge your idea of wanting to work for yourself. You must build resilience, be simplistic, and aim to build a company of one.

Final Summary

Business success isn’t about growing something quickly and massively, but building something remarkable and resilient in the long run. When you scale too big, there’s is always room to fail. Even more, with bigger companies come bigger dangers, bigger risks, and more work to remain profitable. Instead, you should focus on building something too small to fail. By adopting a company of one, you can ride out recessions, adjust to changing customer motivations, and ignore competition by being smaller, more focused, and in need of much less to turn a profit. Success then shouldn’t be measured by quarterly profit increases or growing customers, or even by creating an exit strategy in which you leave with more than you entered. Instead of focusing on an exit strategy, you can focus on a strategy based on sticking around, profiting, and serving customers as best you can. You can measure your success on your ability to build real relationships with your customers because, in the end, long-term loyal customers can hang around for generations and continue to financially support your business.