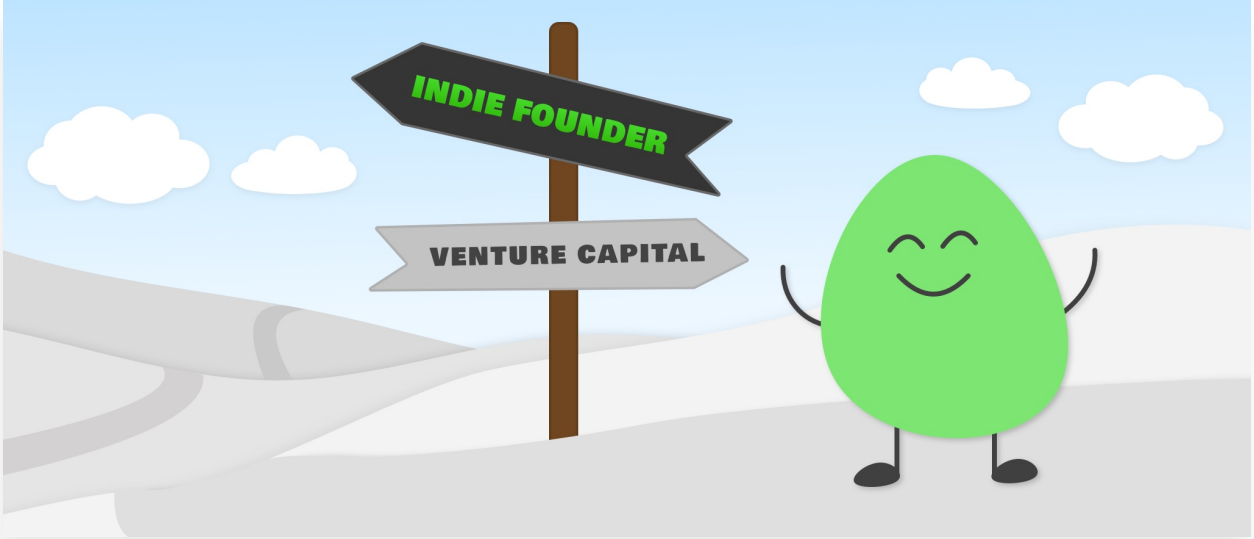
Indie Founder Mindset

A Guide to Unlearning VC

Zack Steven

Table of Contents

The Indie Founder



The Indie Founder's story doesn't begin with a seed round or series A funding. Venture Capital is on the lookout for unicorns, but billion dollar valuations aren't at the top of the Indie Founder priority list.

From day one and above all else, Indie Founders are focused on their customers' problems and needs. They aren't in business for the sake of disrupting industry or developing abstract technologies. For them, they can only grow by paying attention to revenue and profitability.
In prioritizing delivering value today over solving the most challenging, advanced, or novel problems for the sake of it, the Indie Founder gains something priceless—control over how their company operates and the freedom to do it their own way.

One type of startup or founder isn't better than the other. Plenty of venture-backed startups provide real value for their stakeholders and a sense of reward for their founders. Bootstrapped entrepreneurs can be in it for the wrong reasons and fail.

In prioritizing delivering value today, the Indie Founder gains something priceless.

We at Cloudburst just happen to find Indie Founders more interesting. Perhaps it's because we're from Minnesota, where we're re-taught patience, humility, scrappiness, and interdependence every winter—skills uniquely present in Indie Founders. It also helps that you can usually count on a roomful of Indie Founders being much more diverse than a roomful of venture-backed ones, something else we care about deeply.

Ultimately, it most likely comes down to the types of problems Indie Founders choose to work on and how committed they are to solving them. For most Indie Founders, the work is personal—their startups exist because of pain they themselves have known and lived. That added emotional investment in the entrepreneurial process makes it all the more energizing to be a part of.

Regardless of the source of our affinity, we know this to be true: success as an Indie Founder requires a different frame of mind than the one prescribed by the current startup playbook. There are many lessons to hold on to from the dominant Sand Hill Road narrative[1], but the path of the Indie Founder is different; there is much to unlearn.

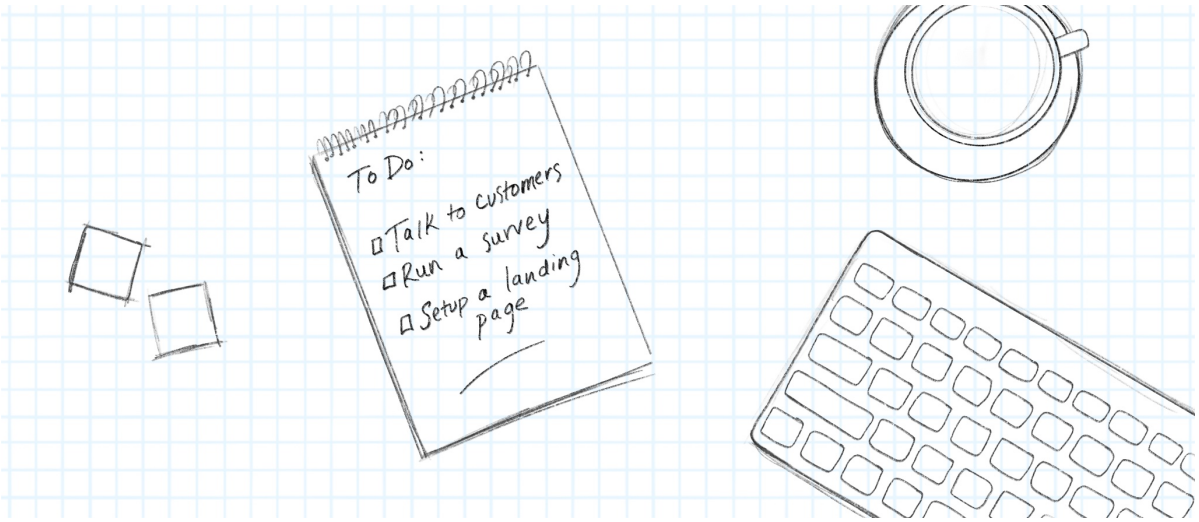
This guide is for startup founders who aren't seeking outsized outside investment but are fast-moving and ambitious nonetheless. In it we tackle some of the most common misconceptions about founder success that the VC model has created and offer our take on how Indie Founders should think instead.

Indie Founder Mindset #1

I don't need someone else's money or permission to get started

For most founders I know, entrepreneurship is about wanting freedom, independence, and ownership. Demanding as it is, entrepreneurship lets founders exercise control over their work and express themselves through the ideas, products, and companies they create. Entrepreneurship affords its members wealth in the life sense, not just financial wealth.

So why is most of the startup narrative about investors and money?



The problems with VC

The odds of getting VC funding are incredibly slim. Only 0.5% of businesses successfully raise any venture capital at all[2]. The percentage of VC funding that flows to Black, Latinx[3], and female[4] founders is in the single digits. 80% of it flows to only three states, California, New York, and Massachusetts[5]. Fund size and deal size continue to grow, which means less investment at the earliest stages[6].

Then there's what happens once a startup has made it through the door. The majority of VC-backed startups fail[7]. VCs expect a significant return on investment over a relatively short period of time, which can put their interests at odds with their investees'. Depending on the terms and structure of investment, taking VC can seriously limit a founder's options and control; it can even get them ousted from their own company. Promises made by VCs about future rounds of investment can disappear suddenly.

You don't need permission

Whether they like it or not, the vast majority of companies are on a path that doesn't involve VC. Despite this reality, founding a startup is overwhelmingly synonymous with pitching.

Indie Founders ask themselves what they would do with the money and then do it anyway. Indie Founders challenge themselves to gain traction without outside investment, testing whether that money is really necessary to begin. And here's the irony: early traction never hurt anyone's chances when pitching.

Actions that don't require capital but that idea-stage founders often neglect include meeting with potential customers to gauge their reactions, sending out user research surveys, proving out their concept using no/low-code or manual solutions, and building and marketing a landing page or waitlist. If you don't know what these things mean and would like to, come talk to me!

Money doesn't build products or companies, people do.

The cost of chasing money

You don't need money to take the first steps toward starting a company, but that doesn't mean they're free—they take serious time, dedication, and energy. Then again, so does the rabbit hole of endless pitching (more on that later). Pitching comes at the cost of building, testing, and learning independently.

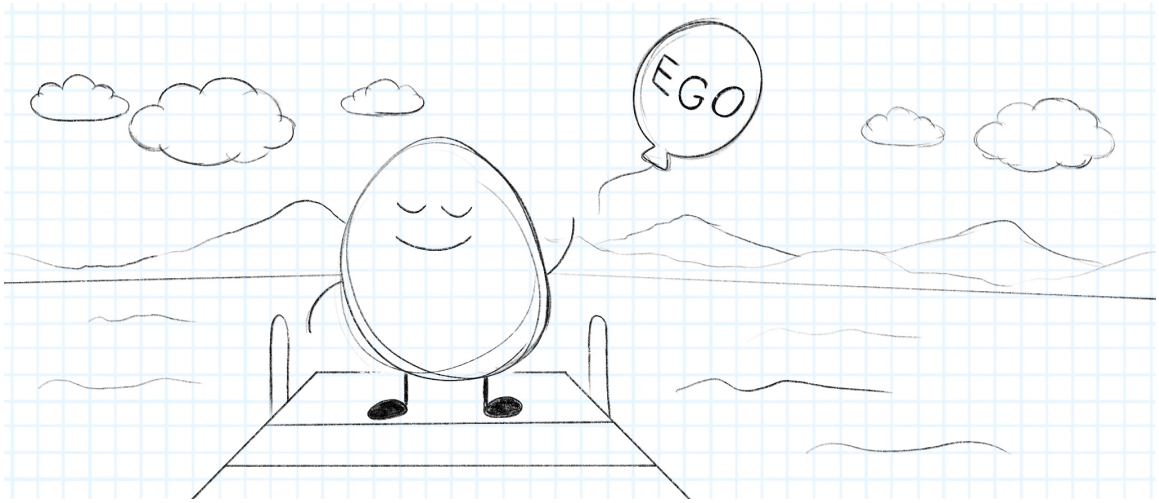
Money doesn't build products or companies, people do. It takes the things money can't buy, like courage, resourcefulness, and creativity, to build things that people want and then to turn that into a business. Money helps us grow, but it's not what gives us permission.

Choose the option that gives you control and gets you more directly to traction. That's what investors want to see, and maybe you'll even discover that you don't need investment. After all, finding that freedom is what being an entrepreneur really means.

Indie Founder Mindset #2

Who I serve and why is more important than any one solution

Thompson Aderinkomi is the co-founder and CEO of Cloudburst client [Nice Healthcare](). After taking his sick one-year-old to the clinic multiple times for what turned out to be a common diagnosis (in the deep of winter and to the tune of over $600 no less), he decided that he deserved better. His belief—that primary care should be enjoyable while costing radically less—is what has made Nice Healthcare a seven figure business today.



Why startups fail

To start a company, a founder must have strong beliefs about how a certain slice of the world should be. But when it comes to indie-founded startups, conviction is only the beginning. The #1 reason startups fail is that they don't serve a market need. This often happens when founders follow their passion for one particular idea instead of channeling it into exploring their options.

Some call this phenomenon "jumping to solutions," and it's a phrase I really like. Just like conclusions that are made before understanding the full situation, a founder's initial idea is rarely the best one for the problem at hand. Indie Founders use their initial ideas to uncover what problems they care about and the people that have them as opposed to rigidly pursuing them.

I enjoy the thrill of building something new as much (or more!) than the next person. In my 20+ years of launching companies as a founder and with clients, I've found that lasting satisfaction comes from building something useful—

that solves a bona fide problem or sparks immense joy—rather than purely novel. Whenever I'm seeing an idea struggle to gain traction, I find that what's needed is to let go of my ego and return my focus to "who" and “why."

Problems vs. solutions

So, Indie Founders not only need to find multiple solutions they're passionate about. The solutions also need to be something that people want or need badly enough (read: will pay for) to be able to sustain a business.
The way to find solutions that won't fail is to focus on the people you want to serve and their problems—your company's "why" and "who"—more than you do on what your product does and how it does it. Ask yourself who your company is for and why, and the rest will become clear. As Simon Sinek has so compellingly put it, people don't buy what you do, they buy why you do it. Having a clear vision for those people and that why is the enduring foundation on which great companies are built.

If you have an idea, odds are that it solves a problem. 100 years from now, what's still going to be around, the problem or your idea? Technologies and business models come and go, it's inevitable. The companies that last are the ones that were built to solve something bigger than themselves. Having that kind of faraway North Star versus a more finite, inward-looking vision is what keeps organizations growing and innovating.

The #1 reason startups fail is that they don’t serve a market need.

Success means staying open-minded

Technology, like money, is a powerful tool, but ultimately its value lies in how it's used. When you have an idea for a solution, it's very easy to get attached to the notion that it's a good one. Most founders start out with certain ideas about what will work. Successful ones talk to their customers about their ideas, figure out ways to test them out, and stay open to all the outcomes that work might lead them to. (We'll talk about this more in the next Mindset.)

Believing that care for the typically healthy could cost little and still delight was the starting point that led Nice Healthcare to build a location-free clinic that's far simpler to administer. Nice's "who" and "why" were what dictated their early technology decisions. Virtual visits and mobile apps weren't what led, but were what followed. Instead of focusing on their product, they focused on their patient experience. Amazing innovations like unlimited access to care and free prescriptions were the result.

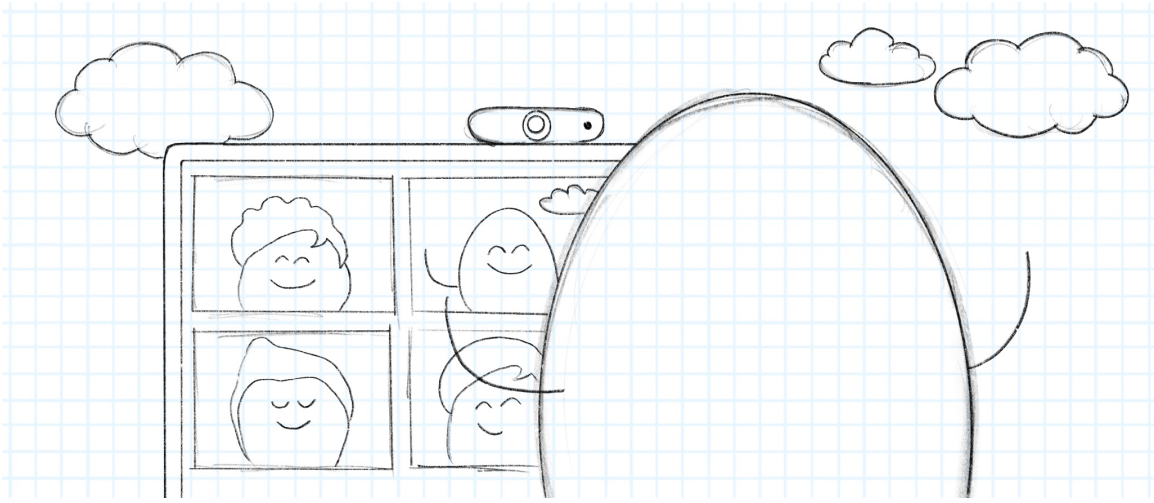
For most Indie Founders, however, embracing broad thinking about people and problems isn't just a matter of maximizing opportunity. It really is the biggest difference out there between who will sink and who will swim.

Indie Founder Mindset #3

To build something people love, I must talk to people and sell

According to Fred Wilson of Union Square Ventures, a CEO does three things[8]:

1. Sets the overall vision and strategy of the company and communicates it to all stakeholders.
2. Recruits, hires, and retains the very best talent for the company.
3. Makes sure there is always enough cash in the bank.



Minneapolis serial entrepreneur and bootstrapping evangelist Rob Walling describes leading a successful startup as having three stages[9]:

"In the early days, you're building a product. Once you've built something people are willing to pay for (no easy task), you work on building a business. Once that flywheel is going, you move on to building a company. Very few founders excel at (or even enjoy) all three stages."

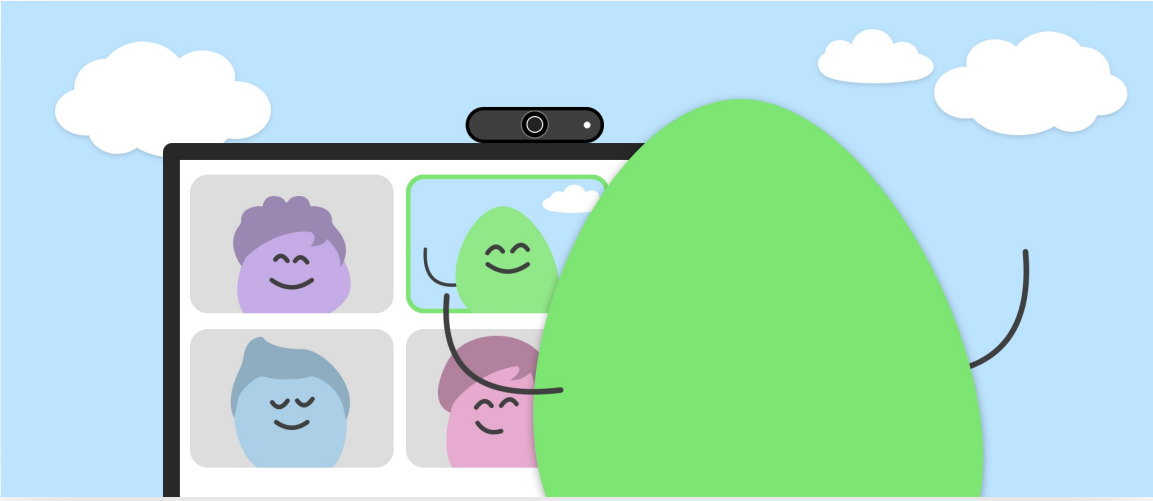
There are many, many insights to be gleaned from these two frames of thinking, but the one I want to highlight here is the inevitability of selling as a founder; not just to customers, but employees, partners, investors, and communities as well.

Product vs. technology

Most idea stage Indie Founders are overly focused on their technology. The early stage is when perfectionism and fear of rejection are most at play. This cocktail of self-consciousness makes most founders extremely reluctant to do any marketing or cold calling. They would rather not talk to anybody about what they're working on until it's "ready," so they obsess over building (and pitching!). In Mindset #1, I talked about how Indie Founders need to ditch the pitch and start building. But it's actually more complicated than that.

According to Rob's framework, building is only the first step of many to starting a company, and only half of the first step at that. To build product means to build something that people are willing to pay for. That's the difference between product and mere technology. Recall the #1 reason startups fail in the last Mindset: building something that doesn't serve a market need.

No founder makes something that people want or need by getting lucky. They do it by constantly asking, building, changing, and then asking again. There's lots of technology that gets built in a vacuum and never sees the light of day. Product, by definition, can't be.



From product to business to company

Now let's look at what happens after a founder has successfully built a product—something people are willing to pay for—per Fred's framework. The entire job is to sell, sell, sell! Whether or not you plan to make the full transition from founder to CEO, growing a startup to scale is a highly social endeavor. Your team needs to be sold on your vision. Your future team needs to be sold on your vision. The partners you work with and the community your work affects need to believe in it too.

As for making sure there's always enough cash in the bank, I've already shared my opinion on how founders need to think beyond investors (who

would undoubtedly need to be sold). But even if the money comes from alternative sources or customer revenue, it will still come from people who need to be told about what you are doing and brought onboard to seeing its value.

Building is only the first step of many to starting a company.

It gets less embarrassing

Reid Hoffman, founder of LinkedIn, has a famous quote that I'm a big proponent of:

"If you're not embarrassed by the first version of your product, you've launched too late."

Eric Ries, author of The Lean Startup, offers a corollary:

"No matter how long you wait to release your first version, you will be embarrassed by it."[10]

The process of turning an idea into a product is at best embarrassing. At worst, it can be downright terrifying. On the other side, however, is finding people who are as excited about what you're building as you are. And the more you share and iterate, the easier the whole process gets; the better and better your product becomes.

If reading this chapter gave you a sinking feeling of recognition, know that it's never too late (or too early!) to start talking to people, and it doesn't have to be big. What kind of people—customers, employees, partners—might your startup be interested in in the future? Odds are you'll describe at least a couple of people that you know and trust. Ask one of those people for 15 minutes of their time to chat about your idea. It will probably be embarrassing. But your future self will thank you.

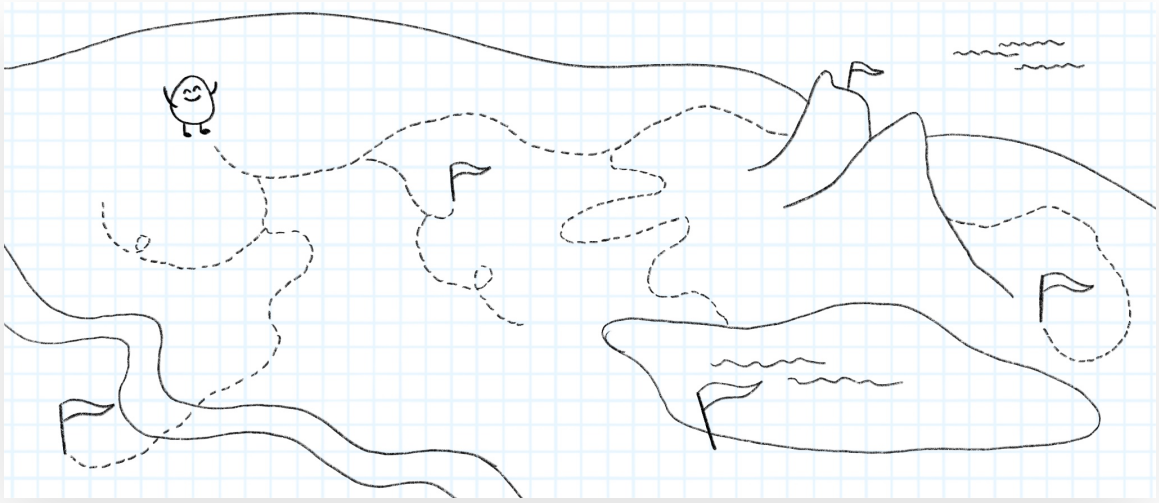
Things I've spent a very long time working on have ended up not resonating with people. On the flip side, things that didn't take me much time to build, and by no means were the ultimate expression of what was possible, have been hits. The work you put into your offering means nothing if no one's buying. There's only one way to find out if that's the case, so you might as well put your energy there—on sharing.

Indie Founder Mindset #4

I take action to make failure routine

Based on meeting hundreds of founders over the years and my own experience, my number one piece of advice for Indie Founders is to avoid procrastination by taking action.

Besides simply not knowing better or taking bad advice, the main reason Indie Founders are held back from truly acting is fear. The fear of bringing something to market—and potentially failing—makes the best of us, myself included, spend our limited time and energy on the sneaky activities that make us feel like we're preparing, but are really just varying forms of procrastination.



Preparation or procrastination?

In this guide, I've not only outlined how I believe Indie Founders should think, but also what they should prioritize: learning about customer problems, building product, and showing it to people.

Tasks that Indie Founders very commonly find themselves doing—tweaking the pitch, applying to programs, attending events, spreadsheeting—can certainly help them be more prepared for the above priorities, but only within reason. More often, we're engaging in these activities because we're feeling that aforementioned fear.

Pouring yourself into an idea and sharing it will always be a risk. Not being conscious of this dynamic makes it very easy to take preparation beyond its useful limits into perfectionism that trades off with what's important.
To be successful, Indie Founders must find ways of thinking and acting that coexist with the risk inherent to entrepreneurship. One powerful way to do that is to use systems.

Systems vs goals

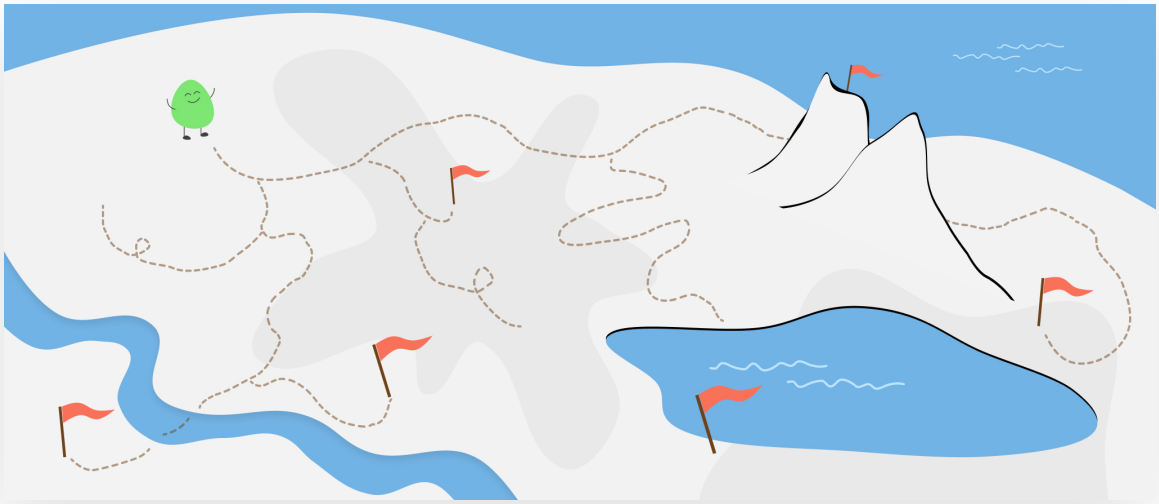
In his book How to Fail at Almost Everything and Still Win Big, Scott Adams describes the difference between goals and systems:

"If you do something every day, it's a system. If you're waiting to achieve it someday in the future, it's a goal."

James Clear in Atomic Habits elaborates with some examples:

- If you're a coach, your goal might be to win a championship. Your system is the way you recruit players, manage your assistant coaches, and conduct practice.
- If you're a musician, your goal might be to play a new piece. Your system is how often you practice, how you break down and tackle difficult measures, and your method for receiving feedback from your instructor.

In our case, the goal is to start a business that sells something that enough people will buy. The system is continuous learning and building.



Use systems to normalize failure

Among the many reasons to prefer systems to goals is that goals create a success-failure binary. You either achieve them or you it bedon't. Looking at your startup through the lens of goals—find a co-founder, make your first sale—is sure to create pressure, which then tempts us to procrastinate, or rushes us into bad decisions. Systems define success as engaging in a regular

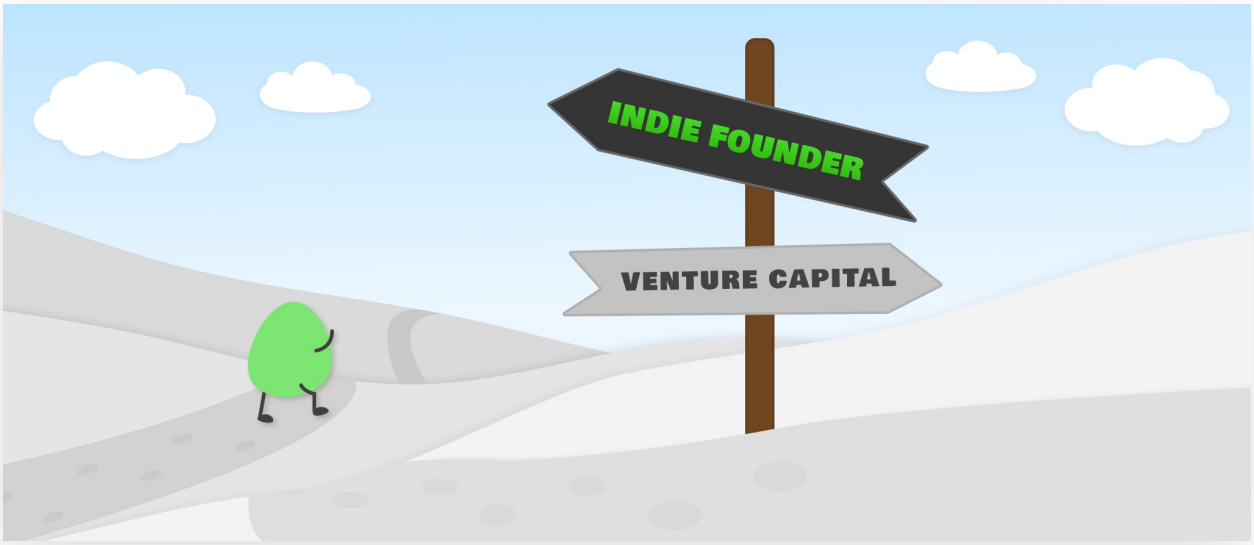
practice—meet potential co-founders to find the best one, talk to many users to learn about how they're the same and different—which naturally advances our goals and leaves us open to multiple definitions of success (recall Mindset #2).

When we regularly put ourselves in the way of "failure", it becomes the path to future success.

Goals without systems make every interaction you have as a founder a referendum on your company. Systems that accept all outcomes as part of your process get you where you want to go with far less stress. When we regularly put ourselves in the way of "failure," it becomes the path to future success. When we view success or failure as some abstract binary, we do things that let us avoid either outcome, both good and bad.

Build your startup on systems of regularly producing product and getting feedback, and you won't be caught over-prepared for fear of failure. A series of small actions that give your idea life in the world will always bring you closer to success than any document.

Conclusion



Reducing the experience of the Indie Founder to words makes it all sound simple. Simple isn't easy to pull off though, I know. There's knowing what you need to do, and then there's striking the balance and sequence of things that work best for you. For enacting simple, there are no rules.

Behind all the things that every successful Indie Founders does—build product, learn about problems, and talk to people over and over again—is how successful Indie Founders think—their mindsets. Peeling back the layers to look at this core can help new founders make sense of what they're doing and help them manage the chaos.

Indie Founders look to themselves for permission, not investors or money. Indie Founders fall in love with the big picture, not their own worlds. Indie Founders seek customer connection and welcome feedback. They learn and grow from each failure so they make failure a practice. That is the Indie Founder Mindset, and what guides them to success.

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About The Author

Zack Steven is the co-founder and CEO of Cloudburst, SBC. His first venture was in high school selling hundreds of dollars of candy a week to classmates. In college, he started a business for his patented shoe ties, Zackaroos, which would go on to be sold in 38 states and Canada.

Since then, he's co-founded seven companies, raised hundreds of thousands of dollars in investment, generated millions in revenue, and reached hundreds of thousands of users with his tech creations, most notably the viral Twitter app Localtweeps.

For all his success, he's experienced even more failure, which is why Zack is obsessed with giving back to the entrepreneurial community through projects like the Twin Cities' first coworking space at Crema Café, Monkey Island Ventures, a venture studio and angel investor, and of course, Cloudburst.

Follow Zack on Twitter and LinkedIn.