

Sunday, July 2, 2006

### Better Living through Private World Domination

After reading Seth Godin's *So What's Wrong With Small Business*, it occurs to me that my blog's subtitle, describing myself as a "serial entrepreneur" may have been somewhat inaccurate.

"The distinction I've always made is that an entrepreneur is trying to make money while she sleeps, and does it with someone else's money! That she builds a business bigger than herself, that scales for a long time, that is about processes and markets. A small businessperson, on the other hand, is largely a freelancer with support, someone who understands the natural size of her business and wants to enjoy the craft of doing it every day."

I didn't quite know where he was going with this, but I realized that if that's what an entrepreneur is, if Other People's Money (OPM) is essential to the definition, then that's not me. The problem with OPM, I've personally found, is the "Other People" part. Not to sound like a misanthrope. Other People's Money comes with other people's expectations and the expectations of VC's, and external shareholders crimp my own objectives which are more about total personal freedom than leveraging OPM.

My "lifestyle" is important to me, and I've found over the years that "lifestyle" is a type of "L-word" to venture capitalists and other investors. They don't like to hear it from their prospects and if any of the founders cite their "lifestyle" as important to their future plans, that in itself can earn them an earmark as one of the founders who's gonna get fired down the road (in the inevitable purge that occurs after the VC's get the thin edge of the wedge into your company).

He continues:

"The more I see both, the happier it appears that small business people are. They often make more money, take fewer risks, sleep better and build something for the ages, something they believe in and can polish and be proud of."

This resonated with me and felt like a more accurate description of my circumstances. I've read some of the "Rich Dad" book series and having made the transition from the self-employed quadrant to the business owner quadrant during the course of easyDNS, I feel like I'm on the beam and living exactly the type of life I've always wanted.

The prospect of being some celebrity entrepreneur a la serial bankrupt Donald Trump does not excite me. And when I look at CEO's of public or VC funded companies, it seems like most of them have maybe 2 to 5% equity, and a Board of Directors who have the power to fire them, perhaps from the very company they founded. That doesn't sound like freedom to me, it sounds like servitude. It seems closer to Kiyosaki's first quadrant (that of being an employee). When and if that "liquidation event" finally comes, I think the above mentioned CEO, after all the special share prefs of the VC's get converted out, etc, they may wind up pocketing the same amount of money I'd walk away with if I sold out my 100% stake in the business now.

What does excites me is the idea of the Sovereign Individual. Having your affairs setup in manner where you are independent from the whims and pitfalls of OPS (Other People's Stupidity). This is accomplished by owning income producing businesses, assets and investments. One of my role models in this respect has always been my friend and mentor, the Atavist, who has owned a medium sized regional courier company for 35 years. When I met him he was piggy-backing a self-funded financial software company on his setup and today he's developing a property in Panama. The only people he's had to answer to are his customers and himself for decades, and that is a laudable state of affairs.

So while Seth summed saying in effect "Don't worry, I'm still an entrepreneur", I will sum up by saying that after thinking about it, maybe I'm not. So I've changed the subtitle of my blog from "Mark Jeftovic's blog for serial entrepreneurs and loose canons" to Better Living through Private World Domination.

"Private World" is an archetypical concept for me. Back in the early 90's when I was playing in a heavy metal, glam rock band called Landslide, our indie label was called "Private World Entertainment", so later on in the mid-90's my friend and I founded a technology company called "Private World Communications". The ideal of being fiercely independent,

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beholden to nobody was always my guiding vision. Today, one of my holding companies (and parent company of easyDNS) is Private World Domination Inc.

Thanks to Seth Godin for helping discover something about myself. No wonder he's a net.guru.

Posted by Mark Jeftovic in Living off the net at 18:49

Very interesting post, Mark. I hadn't given the addressed issue much thought, frankly, and when I first saw your use of the term 'serial entrepreneur,' I thought it described my own efforts perfectly.

On reading this post, I agree that (mostly) I try to avoid the OPM issue, except in matters of real estate where it makes sense to use mortgages to leverage your holdings. Also, the OPS thing resonated with me, because I had just written the following sentence in an email:

"In a situation like this, where we have several partners, and where we need some outside investors, it is more difficult for me to move things along, because I don't have the control over either people or finances that I would have if I were strictly on my own."

I think, my friend, that I may have to take your words in this post to heart, and so as not to go astray somehow, remember what is really important: Better Living through Private World Domination.

Anonymous on Jul 3 2006, 10:35

You've pretty much nailed this one. I'm into my third company on OPM and approaching \$50m total raise for my ventures over the past 13 years. I love what I do, and will see this one through to the finish, but when this is over, this will be my last OPM funded company.

While venture funding appears quite glamorous from the outside, it's actually twice the work. First, you have to raise the money, and getting good at that takes time and effort. But to go the distance, you still have to make the money customers if you want to hold the position. I'll skip right to the latter on the next go-around.

Anonymous on Jul 10 2006, 08:59