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HOW I DID IT

An Interview with Andy Greenawalt

Andy is the founder and CEO of Continuity Control. He's a startup veteran, having been actively involved in startup ventures for more than 20 years. In addition to Continuity, he was the founder and CTO of Perimeter eSecurity, where he invented "security in the cloud" in 1997, and started his first ventures while still a student. His various businesses have been recognized by the Inc. 500, Finovate, and Bank Technology News, among others, for their success and impact. Andy is an active leader in the Connecticut technology community as the vice chairman of the Connecticut Technology Council, a board member of the Yale Entrepreneurial Institute and coach in the FIRST Robotics Competition. He studied philosophy and linguistics at UMass Amherst. Andy lives in Monroe, Connecticut, with his wife of 21 years and their two boys. Below is an edited version of a recent discussion.

CI: What started you on the path of entrepreneurship?

AG: I grew up in an entrepreneurial family and was a geek by background, so I was always building things and starting ventures as far back as I can remember. Many of us run into a corporate roadblock, when the company we work for doesn't want to build something the way we think it should be built. In the mid-1990s, I was working for a company that did consulting. Connected networks were emerging. I said, "There is a world of opportunity out there, and let's go get it!" I saw that what people really want is service, where they can pay a monthly fee and get just the function they want. I suggested we charge a subscription fee and connect by network to provide the service remotely for more people—tackle the problem in a different way. At the time, standard businesses had no appetite for doing it that way. Being young and stupid at the time, I took a shot and started my own business. I was 29.

CI: What did you learn from your first startup experience?

AG: I learned that the idea is probably about 10 percent of what it takes to start a business. When you're young, you have a dream. You think, "We'll build it and they'll come." I underestimated the obstacles and the level of perseverance needed—and the importance of luck. In the late 90s, when we were operating out of the basement, we managed against all odds to sign two massive businesses as customers. To facilitate that business, we needed $1.5 million of equipment. I applied to lease the equipment. I was shocked when the company agreed to lease it to us. Still, we got the equipment and put it into the field. Then the company realized it had based its credit study not on *our* company, but on a company with a similar name! At first, they wanted the equipment back. But we made our payments month after month, and the rest is history. That business's success swung on a typographical error.

The point is that luck plays an important role. You need to position yourself to stay in the game long enough to get lucky. You can't run out of steam before the luck shows up.

CI: What are some of the pitfalls entrepreneurs need to look out for?

AG: The vast majority of businesses stall out at about $1 million in revenue because they're not thinking like a larger business. You need the long-range perspective to see that you're actually a big business; you're just small right now. It's like looking at your child and seeing the man this boy might grow to be.

CI: How would that perspective translate into action?

AG: You need to systematically remove your obstacles. A lot of that has to do with creating clarity around what the client is actually buying and around the system of delivery. Often, in the early stage, there are a few great people in your company who make clients happy, but it's not a well-understood system. You have to understand what the core DNA is that makes clients happy and try to replicate it, going from a person to a system.

It's common for founders and entrepreneurs to be very high-functioning in many areas—marketing, technology, finance and more. But in reality, they're not *great* in any more than one or two areas. When building a business, you have to recognize what the component parts are and think about managing supply, delivery and other components as if you're a billion-dollar company. You have to see that something that's one person's responsibility today in 10 years will be a department with a whole team. This is a major human resource challenge.

CI: What are some of the other human resource issues entrepreneurs need to focus on?

AG: You have to understand your own weaknesses and build a team around you—create a yin to your yang. You need to build a team of opposites that are highly fluid. You're inventing a business that hasn't existed before, so you need people who have incredibly high capabilities but who are flexible and fluid enough to deal with uncertainties.

CI: You're involved in startups as an investor now. What advice would you give to entrepreneurs seeking venture capital?

AG: For a first-time entrepreneur, raising capital is a scary prospect. Many put together a PowerPoint and go talk to money. But they don't stop and honestly reflect on whether or not they're bankable. I went through that and realized I hadn't done what was necessary to get financing for a company. So I got other experienced people and made them my bosses.

If you pitch to several VCs, and you keep getting no, you have to ask yourself why. Go back to the VC and ask why and truly listen to what they say.

As an investor, one common situation I see is that entrepreneurs don't understand that the market for their product is too small. The possibility of building a big business is small, because the whole market isn't that big. Some folks just don't understand that.

CI: What is the biggest lesson you learned as an entrepreneur?
AG: Don't hire anyone unless you have three viable candidates. When you're starting a company, you're trying to conserve cash, so you end up hiring someone when you actually needed that person three months before. Because of that, you're tempted to hire the first person who walks in the door, and you invariably regret it. By having three good candidates, you can compare and contrast and choose the best one. If you do that, you're always much better off.