Alan's Startup Guide

Based on the podcast by Alan Frei
and Charline Amereller

Summarized by Julia Lohfink

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About the Author

«Trust your inner weirdness, and don't give up.»
– Alan Frei

After 51 failed projects, Alan Frei finally hit success with his 52nd venture, *Amorana*. As a co-founder and CMO of the online adult store, Alan developed many unique strategies that helped make the company successful.

After selling *Amorana* to the British *Lovehoney Group* in 2022, he started the *Alan Frei Company*, a tokenized business with lifehacker content and smart products. At the same time, the millionaire works as an Uber Eats driver and trains with the Philippine curling team for the 2026 Winter Olympics.

In this book, Alan Frei shares his experiences from over 20 years of successful – and mostly unsuccessful – entrepreneurship and provides practical tips and methods for aspiring entrepreneurs.

Content

Chapter 1: Starting a Business

I am Alan Frei – a lifehacker, entrepreneur, and future Olympic curler. Over the last two decades, I have tried a lot of things, following a trial-and-error principle. Some business ideas worked, others did not. To be honest, most did not.

I believe that making mistakes is just part of the process. You learn from them, both your own mistakes and those of others. This is why I want to share my experiences and insights about entrepreneurship here and show you how to systematically approach starting a business. I hope this encourages you to follow your own path.

How to Start a Business Right

Starting a business is not about running a marathon right away, but rather about taking one step at a time. To bring a business idea to life, you do not need to quit your job at the start or invest a huge amount of money. Even choosing the type of company is not crucial initially.

All you need is a clear, basic idea, a logo, and a credit card. Using the process I will show you next, you can test your business idea in just three days and for less than USD 550.

1. The Basic Idea – There are several ways to approach this. You could look at what others have tried and conduct market research. Or, you could think about what you would like to buy yourself. I prefer the latter. If you agree, use the note-taking app on your smartphone to jot down every idea that comes to mind, no matter how realistic or unrealistic. Every two weeks, review these ideas, add new ones, and expand on the old ones. Remember, *«The best way to have a good idea is to have a lot of ideas.»*

It is crucial to write down every single idea. Most people do not do this.

2. Domain – Let us say you want to sell Swiss cheese. You buy a domain for USD 13, naming it *myfavoritecheese.com*. Then, you create an account on *Squarespace* or *Strikingly*, pick a template, write the website content, and add some professional yet authentic photos. All in, that should cost you no more than USD 90.

3. Logo – Now is the time to visualize your idea. Create a logo with *99Designs* or ask a friend who might be a designer or knows one.

4. Advertising – Place ads on *Instagram* (USD 18), *Google* (USD 18), and *Facebook* (USD 18). You do not even need to have the cheese in stock. The key question this test answers is: Will strangers open their wallets to buy your product? This approach bypasses the bias that can come from surveys among friends or acquaintances. They might not give you their honest opinion, fearing you will be offended. If someone makes a purchase through your ads while you do not have any physical product yet, you can always refund them, apologizing for delivery delays or high demand.

5. Feedback – At the start, it is common to overestimate the potential of your idea. The more feedback you get from different sources, the better. Ideas are like raw diamonds that get more refined with each piece of feedback. The key is not to persuade people but to simply receive their feedback. If the feedback is average, then it is time to improve your elevator pitch.

You might worry someone will steal your idea. But it is unlikely, as most people lack your resources or skills. Plus, big companies are not nimble enough to quickly act on ideas.

For instance, in 2003, I was excited to offer exclusive expat services to Chinese in Switzerland. I immediately started pitching to private schools. It was a flop.

What did I learn about entrepreneurship? It is like sports: the best athletes succeed not just through talent but through constant training.

Chapter 2: Success and Failure

As I mentioned at the start, entrepreneurship is not always a success story. For me, it involved more failures than successes. That is why I rather consider myself a *serial failure* than a serial entrepreneur. I have tried many business models and learned the following:

Talent x Time = Success

If you are not as talented, you need more time to succeed – it took me a long time. Regardless, as an entrepreneur, you will make mistakes. After all, mistakes are lessons that bring us closer to success. The key is not to make the same mistake twice.

How do I manage this? I keep an error log where I write down my mistakes and review them every two to three months.

What Mistakes to Avoid as an Entrepreneur

Here are the top three mistakes from my error log.

Mistake #1: Lack of Focus – I learned that it is crucial to concentrate fully on one idea instead of spreading myself too thin across many projects. The principle *«Where the focus goes, energy flows»* is true. Too many simultaneous projects drain the energy needed to seriously pursue an idea.

Plus, it confuses others about what business to associate me with. If people cannot instantly understand what I do as an entrepreneur, my business idea is quickly forgotten.

After I founded *Amorana*, one day, an acquaintance nicknamed me *«Dildo Alan.»* That was when I knew I was on the right track.

Mistake #2: Blindly Following Your Passion – In my experience, aspiring entrepreneurs should not follow their passion blindly unless they have the means and financial resources to do so. For first-time founders, I recommend starting with a subject you are skilled at and proficient in. This might not be your passion, but it helps you transition to following your passion once you have gathered the necessary resources. In other words, mastery of skills comes before passion. Passion is needed later to pursue the business idea in the long run.

Mistake #3: Trying to Do Everything Alone – A startup is not a one-man show. Success requires an excellent team.

Avoiding these three major mistakes does not mean you will be free from others. Mistakes are stepping stones to success. They should and even must happen, preferably early when they still cost little.

Mindset for Times of Adversity

Fear of making mistakes often stems from the unpleasant financial consequences they can bring. I remember when I did not have a single dollar in my savings or checking account, and my credit card was overdrawn by USD 3,600. At such low points, the following helped me:

- **It's not about how many times you get knocked down, but how many times you get back up. –** It is not just about setbacks but about persistence and resilience in the face of them. I realized I was doing what I always wanted to do – be an entrepreneur. I love freedom and creating new things with others. Having a strong why helps not to give up too quickly.

- **Bend, don't break –** Sometimes things get tough, testing all your willpower. It is about adapting and staying flexible rather than breaking under the challenge. This mindset has helped me immensely.

- **Life is finite –** I used an app to calculate how many days I might have left to live, assuming I live as long as my father and grandfather, who both died at age 59. When writing this book, I had exactly 6,703 days left. Therefore, I want to make the most of my time.

This does not mean recklessly starting new companies or diving into new projects without a plan. Certain things are important, like paying taxes and social security contributions, for which you are personally liable. However, you are not personally liable for investors' money. Communicate openly and honestly with investors so a potential failure is not a surprise. Investing in a startup always involves a high risk and an equally high potential reward. Investors know this.

I advise new entrepreneurs not to be too euphoric at the start and not too upset at the end if things do not work out. Tough times and perceived defeats are part of the journey.

What Is Success?

My definition of success is not just about money. Sure, having money is great (especially when you know what it is like without it). But money is just a means to an end. It allows me to do and experience things, and it allows me to live my potential. I can create new things that benefit others and provide value. That, in turn, fulfills me.

Success in entrepreneurship also lies in independence and freedom of choice. And success does not mean «having made it.» As an entrepreneur, I never feel like I know everything or have reached the finish line. Every day is day one, offering a chance to learn and grow. Having achieved everything would mean stagnation for me.

Chapter 3: Marketing & PR

Marketing

I am not a marketing expert, yet the company I co-founded, *Amorana*, was named *«Digital Marketer of the Year»* in 2019.

I believe this is because marketing can be learned. We experimented a lot and realized there is a fine line between boring and too provocative. Provocation may bring traffic and attention but risks negative publicity. A boring yet aesthetic approach, resonating with consumers' values and lifestyles, is unobtrusive and offends no one, yet it does not generate traffic either.

Which Marketing Approach to Choose?

For new companies, the primary goal is gaining recognition – initially, besides one's own parents, hardly anyone is interested in the startup. The good news is there is nothing to lose. If the marketing is too provocative, it can always be adjusted later.

From my experience with *Amorana*, I created the following marketing framework, with each component titled somewhat exaggeratedly for easy recall.

1. Utilize Pity – In *Amorana's* early days, this tactic worked great. People felt pity because I had to sell sex toys. I took advantage of this! On my business card, I printed a discount code and distributed it at every event, during every interaction, everywhere. The result? The voucher has been redeemed almost 1,000 times to date, translating into significant revenue.

2. Fuck Budgets – This means, especially in the startup phase, it is okay to detach from budgets. Instead, focus on *ROAS (Return on Ad Spend)* and the conversion rate to assess digital advertising campaigns' effectiveness.

- The conversion rate reveals what percentage of website visitors perform a desired action, like a purchase. On testingtime.com, there is a great tool for deeper insights into the conversion rate. Using the platform, you can observe people from a specific target group navigate a website and what they click on, helping understand why visitors do or do not make purchases. This knowledge can be used to improve the conversion rate. Generally, a higher conversion rate also means a higher ROAS.

- *ROAS* indicates the revenue earned by the startup for every dollar spent on advertising. If the *ROAS* is high, the campaign can be scaled up; if not, it is better to discontinue it immediately.

3. Make them angry – This is a simple yet effective tactic to stay relevant. What I mean by this is humor and clever provocation. An investor once said to us, «Either you have money, or you have courage. Rarely do you have both.» Startups initially will not have much money for marketing. To get noticed, they must be bold. This is the advantage startups have over large companies. If something goes too far, it can always be adjusted later. Big companies have too much at stake to be overly bold in their marketing.

Pull vs. Push – How to Choose the Right Marketing Channel?

Essentially, any channel can work – it is the cost that will decide its effectiveness. For example, billboards can be effective whether they cost USD 1, USD 50, or USD 100 each, but often not at USD 5,000. Besides cost, consider the type of marketing channel:

- **Push** – In push marketing, potential customers are actively introduced to products or services. Examples of push channels are *Instagram, TikTok Ads, LinkedIn,* and newsletters. *TikTok Ads* and *LinkedIn* are currently lucrative channels for startups if used with a good strategy and frequent posts. My advice is to send newsletters sparingly and provide real value in them.

● **Pull** – Pull marketing is what potential customers seek out themselves. The most important pull channel is *Google*. If used correctly, it can help a startup grow quickly.

How to Test Marketing Channels?

To quickly and easily decide which channel works and which does not, you can proceed as follows (also see Chapter 1):

1. Test the Market – Before investing in product development and storage costs, test the market first. Create a landing page and run ads. This way, you will quickly see how in-demand the product really is. *Google Ads* for testing purposes cost about USD 90 a month. You can allocate another USD 90 each for *LinkedIn, Instagram, Facebook,* and/or *TikTok*. The total testing costs will amount to approximately USD 450.

2. Test Marketing Channels – Nowadays, you do not need to book a huge TV or billboard campaign to test if your advertising works. You do not even need the product. With minimal amounts, you can test the performance of your ads on various channels. Channels like *TikTok* are also great for building organic reach with regular content.

3. **Contact Potential Customers –** If someone wants to make a purchase before the product launch, you can inform them that the product is currently unavailable. Or, be honest and admit it is not yet deliverable. In exchange, offer them a 20% discount voucher on future orders. This is an opportunity to directly connect with interested people and find out what motivated their purchase.

Remember, it is important to know your target audience well. This is not just about a fictional customer persona but real people. Understanding what customers want and adapting to them can reduce or even eliminate the need for new customer acquisition, depending on the business model. The goal is repeat purchases. The key metric to improve them is retention rate. Kevin Kelly has an excellent blog post on *KK.org* titled *«A Thousand True Fans.»* He argues that it only takes 1,000 true fans to build and sustain a business.

Should Marketing Be Outsourced?

I believe that startups can initially handle digital and performance marketing themselves. Later, these tasks can be outsourced to agencies.

However, essential knowledge of the metrics should always be present internally. In other words, one should be able to interpret their performance and understand the mechanics behind the metrics, even when working with agencies.

PR

PR for startups can typically target three types of media:

#1 Mass Media – In the U.S., there are news platforms like *USA Today* or the *New York Post*. They are not interested in the startup itself but in stories that generate clicks and are nationally relevant or compare different regions.

At *Amorana*, I developed this strategy:

1. **Find an interesting statistic –** For instance, which region buys the most sex toys?

2. **Search for the topic at news outlets –** Using Google's search function «URL: search term,» like «usatoday.com: sextoy,» you can quickly find out how many articles exist on the topic.

3. **Note journalists' initials –** These are mentioned in every article.

4. **Contact the journalist –** Look up the journalist's initials, name, and email address in

the imprint and reach out. The message could be, «Hey, we conducted a study on which region buys the most sex toys. I see you have written about sex toys before. Would you be interested in the story? We can give you exclusive access for 24 hours.»

5. Do not give up – If the first journalist does not claim the story within 24 hours, find the next journalist's details and offer it to them. If you do not succeed with *USAToday*, try *New York Post*, and so on.

6. A press distributor is not always necessary – Consistency helps achieve goals and get mentioned in major media. Once published, forward the study to other news platforms. Often, this leads to follow-up interviews with radio stations.

#2 Entrepreneur Media – Outlets like *VentureBeat* and *TechCrunch* report on companies and the people behind them. To appear in these media, someone from your professional network can recommend you to the respective editorial team. I do not advise self-recommendation for an article.

#3 Product Media – Magazines like *Elle* or *GQ* test and feature products in their lifestyle articles. Influencers and bloggers also do product tests. However, lead times can be up to three months.

Can PR Be Done Without a Network?

If the product is good, people will seek it themselves. But not every good product is necessarily groundbreaking.

If networking is not your strong suit, consider bringing someone into your team who enjoys networking and likes attending networking events.

For introverts looking for a different approach, building a digital network that offers value to others is an option. This way, you can regularly send journalists relevant and interesting reports (not necessarily about your own company). A strong presence on platforms like

LinkedIn or *Twitter/X* can supplement and partially replace a physical network.

Chapter 4: Finding Investors

The topic of investors is a double-edged sword: On one hand, it is wonderful to see others believe in your vision and business idea. It reinforces the belief that you are on the right track. On the other hand, in this type of fundraising, you give up a part of your company. Suddenly, you are accountable for business decisions and no longer have the sole authority to determine the company's direction.

What Do Investors Do?

Investors serve as financial backers, and specifically, seed investors are often among the «3 F's»: *Friends, Family, and Fools*. They are the ones who provide funding at the very beginning.

The investors discussed in this chapter are external financiers who buy parts of the company in a transaction, hoping for a return that greatly exceeds the invested amount.

However, their role is not limited to financing, as startups can greatly benefit from their knowledge and network. I have found it best to include good investors on the board of directors and regularly discuss ideas with them.

What Kind of Relationship Should You Maintain With Investors?

Fundamentally, investors are not friends. If a too-friendly relationship develops between founders and investors, it can lead to problems in difficult situations. From my experience, a neutral-positive and transparent relationship with investors is healthier.

When Should You Involve Investors in Your Company?

There are two possible points in time:

Point in Time #1 – You have already realized significant sales figures or other financial streams and want to professionalize the business.

Point in Time #2 – You know your business model and have a scalable product or service whose growth you want to accelerate. I advise taking on investors only when you know your product market fits precisely; that is, when you know your product or service is needed in the market.

How Do You Reach Your Desired Investor?

First, I advise waiting as long as possible before looking for investors. The freedom you have without external financiers is priceless. However, this does not mean you should start looking for investors only when you urgently need financing.

Let me clarify what kind of startup I am talking about. There are «hot» startups that grow rapidly. Because of their incredible growth rate, they need fast financing and receive it quickly, too, precisely because they can show such high growth. However, these so-called *microwaves* make up only 0.1% of startups.

The rest are *slowbakers*. They need time to grow. Below, I share the steps to a strategy that, as a *slowbaker* at *Amorana*, got us our desired investor (and other great investors). The strategy is being *oversubscribed*. This means having more interested investors than available spots. How can you achieve this?

1. Rank potential investors – When we were looking for investors at *Amorana*, I made a long list of potential financial backers. From this list, I chose my top 30 and ranked them by importance. Then I started contacting numbers 6 and 7 – interesting investors but not my absolute favorites.

2. You ask for money, you get advice. You ask for advice, you get money. – That is what I learned in my communication with investors. Instead of directly asking for money in outreach, I took a different approach: I asked for their input. This step boils down to exchanging ideas about the product, not financing.

3. Provide value upfront – At *Amorana*, we really wanted this famous e-commerce entrepreneur to be an investor. At that time, however, there was no contact with him. So, I took an hour and a half to collect all the typos I could find on his website and social media channels. Along with a short marketing strategy, I sent him this input by email. I wrote that we would like to exchange ideas with him about some current e-commerce trends and asked if he had 20 minutes for it.

4. Build a relationship – This entrepreneur agreed because we had offered him value upfront. The requested 20 minutes turned into a 4-hour conversation. In my experience, to engage in dialogue and build a relationship, it is essential to first offer value.

5. Send updates – We then asked him if he would mind if we sent him irregular updates about our business. He did not mind. Neither did the other investors we asked this question. The idea of this step is to have as many investors as possible in your mailing list and keep them updated over a period of four to six months. It is important to be super transparent with these updates and include what went well and especially what went poorly. Potential investors can thus keep track of the team's accomplishments and the lessons learned from past mistakes.

6. Investor Round – After about six months of honest updates, investors had developed a feel for *Amorana*. When we announced our investor round, it did not take long before the first investor committed. As other investors heard about this, they, too, wanted to participate. It is crucial to continue sending investors transparent updates every three to four months via email, openly addressing any mistakes. Investors generally dislike being surprised, especially if the startup is unsuccessful. Professional investors understand that this is a transaction with the potential for high returns but also associated with significant risk.

Chapter 5: Team & Recruiting

A strong team is marked by members committed to a common goal, with a clear understanding and focus on what that goal is. They support and complement one another.

Building such a team is a challenge for many founders, especially when the startup is growing rapidly. There are two main challenges startups face. I am drawing from Reid Hoffman's *«Pirates vs. Navy»* framework here:

#1 Pirates – In the beginning, a startup attracts «pirates.» According to Hoffman, these are the proactive jack-of-all-trades: those working in the warehouse, assisting in customer service, and handling marketing. These are the people who work under the motto «Let's go full throttle.» For them, it is critical to enjoy as much freedom as possible in the company. Founders must learn to delegate responsibility at this stage.

#2 Navy – As the startup grows, processes need to be optimized. Pirates dislike these processes as they see them as a loss of their freedom. Therefore, the transition to «navy» can lead to tensions. How well the pirates are integrated into the new structure depends on the team's communication during this phase.

How Do You Build a Good Team?

For a startup still in its infancy, it is crucial to recruit emotionally intelligent team members. This ability is essential at the beginning of any company. Founders need a sense of who fits their vision and has the potential to grow with the company. They face the task of not only identifying talent but also creating a work culture that retains these talents in the long term.

As the company expands, priorities shift. Emotional intelligence, as important as it is in the beginning, takes a backseat, and job-specific skills and knowledge gain significance. Founders should be prepared for the attributes that were initially in the foreground to be supplemented or even replaced by specific skills needed by the company in its growth phase.

To mold a proper team out of individual players, the following three points are essential:

1. Clear Goal Setting – Founders should continually ask themselves what the company's goal is and continuously share this with their team. The team, in turn, must be able to answer this question at any time without hesitation. Clear goal setting can avoid many conflicts.

2. Overcommunication – Constant communication and repetition of important information are key to a well-functioning team – whether through tools like *Slack*, private, or direct conversation. If you, as a founder, think you have communicated enough, intensify the communication even more. There is never too much communication when it comes to involving the entire team.

3. Personal Connection – Ideally, team members should come together not only in the professional setting but also privately, creating shared experiences to grow together as a team.

How Does a Founder Set a Good Example for Their Team Members?

It is important to know one's strengths and weaknesses and communicate them openly. A good founder is transparent, explains decisions, and acts humanely. They cultivate a culture where it is not about who comes up with the idea but the quality of the idea itself.

The Right Way to Handle a Team

Every company has its A-players. These are the driving forces, operating with high drive and the desire to make an impact. They are often the ones «running the show» with exceptional commitment.

These key persons need recognition. They must feel that their efforts are seen and appreciated, as their satisfaction is crucial for the morale and success of the entire team.

Rather than focusing only on problems, it is more effective for founders to devote time and attention to those consistently performing well. Nothing damages a company more than losing its high performers and keeping those who are less proactive.

Feedback Culture

Another cornerstone for a well-functioning team is an honest and constructive feedback culture. As a founder, it is beneficial to frequently give positive feedback and thank team members for their good work. This strengthens team spirit and motivates.

Here, I would like to discuss two feedback methods that have worked very well for us:

1. Wig-Wib – What is good, what can be improved? This positive-constructive way of engaging people leads to a more effective communication culture.

2. PEW – Perception, Effect, Wish. This approach involves first stating the objective (for example, «You have been late three times now»), then sharing the subjective interpretation («I feel like you are not taking our meetings seriously»), and finally expressing a desired change («I wish for us to adhere to our meeting times»). By separating objective facts from subjective feelings, it becomes easier to discuss challenging topics.

As Reed Hastings and Erin Meyer illustrate in their book *«No Rule Rules»*, a team where members operate as equals and are passionate about their work is unbeatable. A key to this is avoiding a negative culture around mistakes. In fact, errors can be seen in a positive light, provided there is a concurrent emphasis on taking responsibility for them.

Recruiting and Dismissal

A strong team can elevate a company. An open culture of feedback, effective communication, and the drive to bring out the best in every employee are key. As Steve Wynn, owner of the Wynn hotel chain, says, «The company that retains its employees for the long haul within a particular industry is destined to become the most successful player in that field.»

For this reason, hiring decisions should be carefully considered. The lower the employee turnover, the better. I have found it is best to set the bar high and only hire individuals who culturally fit the team and share the company's values. If this is not the case, such individuals quickly become disruptive and burden the company's dynamic.

Another criterion for hiring is whether a person possesses the necessary professional skills. I summarize this as «ability, permission, desire»:

- **Ability –** Does the individual possess the necessary professional skills? If not, is the company equipped to train them?

- **Permission –** Is the individual given the opportunity within the company to realize their full potential, or are they being held back?

- **Desire –** Is the individual intrinsically motivated by their work? Do their personal values align with those of the company?

For first-time founders, exchanging ideas with experienced entrepreneurs can help build and maintain a functioning team. Learning through dialogue – a principle that often leads to new insights and solutions in entrepreneurship. Today, I am convinced that a small, motivated, and responsible team often works more effectively than a large one. Today's successful startups are scaling through technology, not by increasing headcount.

Note: The majority of the content in this chapter is derived from the knowledge and experiences of Daniel Kern, former Head of Human Resources at *Amorana*.

Chapter 6: Domain, Name and Logo

How To Come Up With a Company Name

What about the naming process at *Amorana*? The idea for it came from Lukas, my business partner. My suggestion would have been «*Garden of Love.*» I probably was not the best person to consult with in 2014 when it came to finding a creative name.

However, today, I believe I understand what matters in choosing a name. I am convinced that the name is crucial and should be chosen carefully. That is why I recommend choosing a simple, meaningful name that can be easily pronounced.

A good name is an imaginative blend of elements that mean something to the founder. It is important that the name can be pronounced well and spelled without errors. I advise choosing a name that makes sense and does not appear generic – and for which a suitable domain is available. Generic brands, like *myprotein.com*, are challenging for long-term branding and are better avoided.

How to Choose the Right Domain?

Regarding domains, I am convinced that you do not need to own all of them. For the US, and international (tech) startups in general, one .com domain is enough. Save yourself the cost and effort of unnecessary domain grabbing.

Other extensions like .shop or .life can be confusing or appear untrustworthy. Personally, I do not favor them and rarely see success in young companies with these domains.

When choosing a domain, proceed as follows:

1. Choose a strong brand name as your domain and add .com.

2. If your desired domain is taken, personally contact the domain owner. This increases the chances of acquiring it. Alternatively, you can incorporate additions into the domain. For example, if I were setting up a shop, my domain would be *alanfreishop.com*. If I could acquire my desired domain later, I would change it to *alanfrei.com*.

3. Decide based on location – If you have an international platform, a .com or .io domain are good choices. For personal brands, domains like *firstnamelastname.com* work well.

How to Create a Good Logo?

Logos are always a question of trends. Currently, the guidelines are:

- **Readable –** The logo must be easily readable.

- **Simple –** Today, good logos usually boil down to a wordmark or a simple icon.

- **Easter Eggs –** *Easter egg* logos, like those of *FedEx* or *Amazon*, contain many hidden messages. This spreads joy upon viewing and conveys additional quality. In my case, the «Alan Frei» logo contains several Easter Eggs. Even my HEX brand color code has one: 112114: 1=A, 12=L, 1=A, 14=N.

For creating the logo, I recommend platforms like *99Designs* or *Upwork*. Maybe you also know someone experienced in this area. Initially, the logo does not have to be perfect. It can always be adjusted later if needed.

When To Establish a Corporate Identity

It is best to define the Corporate Identity (CI) as early as possible. I recommend writing down a style guide from the start. A CI manual with colors and fonts simplifies many decisions, as well as all internal and external communication. It offers a clear line and prevents wasting time with repeated experimentation. It can always be adjusted later if necessary. You can find my CI at alanfrei.com/about/ci.

Chapter 7: Trademark Law

When building a company or constructing a brand, the topic of trademark protection quickly arises. I am not a trademark expert, but from my own experience, I can say it is better to protect your brand as early as possible. Why?

There are essentially three compelling reasons to protect a brand.

1. Protecting Your Intellectual Property – The goal is to prevent others from stealing your brand. Imagine building your business on a domain without having secured the brand name – someone else could protect the brand and strip you of all your intellectual property. All the months, maybe even years, of work would have been in vain.

2. Generating Income through Licensing – By protecting your brand, you can generate future income through the licensing of your brand's individual elements.

3. Not Infringing on Others' Trademark Rights – Failing to research if a brand name is already taken (before building your brand) can lead to inadvertently violating another brand's trademark rights.

Consequences of Trademark Infringement

The U.S. brand *Nomatic* makes excellent backpacks. When they wanted to expand into the European market, the company's owners discovered their brand name was already protected there. This required halting the expansion, as it is risky to continue a business without its associated brand. I have also inadvertently violated trademark law. E-commerce was a trend, with mobile commerce on the rise, so I thought «WhatsApp Commerce» would be the next big thing. I secured the domain *whatsappcommerce.com*. However, I soon received letters from

WhatsApp's trademark attorney. After a brief exchange, an international arbitration court revoked my domain.

The Optimal Time for Trademark Protection

It is advisable to deal with trademark law as early as possible. A brand should be protected as soon as it is conceived, especially since the costs for a simple trademark application in the U.S. are not excessively high.

Specifically, I recommend registering the trademark as soon as the first product tests are done and there is a cash flow. Trademark protection in the U.S. is then the first step, followed by considerations for other countries.

Once you have trademark rights in one country, it is often easier to register the brand in another country and possibly enforce the transfer of the URL. This makes domain grabbing and similar practices unnecessary.

Does Trademark Protection Make Sense for All Business Models?

Protecting your own brand is not necessary for every business, but it is often more worthwhile than you might think. It also prevents the misstep of building a brand that is already protected.

A preliminary trademark search can be easily conducted on *uspto.gov/trademarks/search*. This does not require a lawyer and is free of charge.

What Can Be Protected in a Trademark?

Both the wording of a brand and its logo (the so-called figurative mark) can be protected. Some brands even go so far as to protect entire slogans or combinations of logo and slogan.

I would recommend U.S. startups to initially register the wording of the brand with the *United States Patent and Trademark Office (USPTO)*. There is no specific waiting period after US registration to extend your protection internationally.

What Does Registration Cost?

You can conduct both the trademark search and the application process yourself. A lawyer is not necessarily required. The process follows standardized legal steps set by the *USPTO*. Depending on the scope of validity and the number of classes of goods or services the trademark will cover, filing fees will amount to a few hundred USD:

- U.S.: The fees can range from approximately USD 225 to USD 400 per class, depending on the filing option you choose (e.g., *TEAS Plus, TEAS Standard*).

- Europe: USD 2,050

● Worldwide: USD 33,000 – Registering in countries that are not part of the Madrid Agreement incurs high costs. That means the actual cost could vary significantly based on the specific countries chosen and their individual fees.

Once a trademark is registered in the United States, to keep the trademark active, maintenance fees must be paid. These fees are due between the fifth and sixth year after registration. The fee for this maintenance filing, known as the «Declaration of Use,» is USD 225 per class of goods or services.

After this initial maintenance period, additional fees are required to renew the trademark registration. Trademark renewals in the U.S. are due every 10 years. The combined cost for the «Declaration of Use» and «Application for Renewal» at each 10-year renewal period is USD 425 per class of goods or services.

A brand name does not necessarily have to be protected in all categories. Brand owners can choose which classes are relevant to their brand. However, it is advisable to seek the advice of a trademark attorney for choosing the right category and for more complex matters, such as patent registration.

Chapter 8: Growth

There are two key benchmarks to gauge the growth of startups:

- **Revenue –** Focus on how revenue increases from one year to the next.

- **Customers –** For some startups, it makes sense to choose the number of customers or active users as a benchmark. Startups like *Facebook* or *Instagram* initially made no revenue – instead, they expanded their user base and monetized it later.

Employee count and profit are not decisive benchmarks for assessing startup growth. Especially for startups aiming to scale quickly, profit is irrelevant.

Only in a later phase do profit or *Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)* become significant.

How To Achieve Company Growth?

The key to revenue growth is in the customer base. Revenue is indirectly generated by acquiring and retaining customers. Nothing is more costly and inefficient for a company than losing newly acquired customers. Instead, the company must reach a point where it has loyal customers who make purchases or use the service at regular intervals.

Large companies like *Apple* or *Nike* thrive on this. For many, owning the latest iPhone has become habitual. Sergey Brin, Russian-American entrepreneur and co-founder of *Google*, describes this behavior using the «Toothbrush Test.» What one uses several times a day (unconsciously) is what one keeps buying.

For a company to grow, it relies on *customer lifetime value*. For customer acquisition, it is most effective to use marketing channels that are themselves experiencing strong growth – like *TikTok* or *LinkedIn* today. It will take several tests to find out which marketing channel is the most cost-effective for acquiring customers. This is known as «Growth Hacking». The strategy is clear: test, evaluate, and gain customers. It is vital that startups quickly test marketing actions and take the right measures to build a loyal customer base.

For example:

When we wanted to generate newsletter subscribers for the *Alan Frei Company*, we initially chose high-priced articles on the Swiss equivalent of *USA Today* as our marketing channel. This was expensive and ineffective. Then, we tried organic posts on LinkedIn and achieved excellent results.

Sustainable Growth vs. Exponential Growth

Startups must not be too rigidly planned. Therefore, it makes little sense for them to aim for slow, sustainable growth. Exponential growth is the preferred option. In my opinion, the magic formula is:

Exponential Growth =
Cost-Efficient Marketing Channel + Customer Retention

Profitable Growth vs. Unprofitable Growth

Companies like *Zalando, Amazon, Galaxus*, or *Amorana* made no profit for years because they reinvested all profits into new customer acquisition. Their goal was to create a base of loyal customers who repeatedly made purchases.

Their strategy: finance the startup through investments to acquire as many customers as possible. After five or six years, the company becomes part of the *consumer mind.* Then, discount promotions and similar marketing measures are discontinued – and the company becomes instantly profitable.

The conclusion is clear: Profitable growth is not a necessity for the company. However, to attract investors and secure financing, the company must showcase robust growth and the ability to acquire repeat customers.

This is a significant difference between the Old Economy and the New Economy. Companies today secure financing because they can quickly gain customers who can be monetized later. If the company fails to acquire enough customers, it can quickly face liquidity problems.

Is Exponential Growth Dangerous?

Startups should operate at the limit but not overshoot. If employee engagement is neglected, exponential growth can lead to overload and alienate existing customers. Negative customer feedback, in turn, demotivates employees.

To prevent employee demotivation, the follo-wing communication strategies are essential:

Strategy #1: Radical Transparency – Share the challenges the company is currently facing honestly with employees.

Strategy #2: Clear Goal Setting – Employees should know at all times what the company aims to achieve through growth – such as acquiring many new customers within a certain period of time.

Strategy #3: Overcommunication (see also Chapter 5) – If you as an entrepreneur think that you are communicating enough with your employees, then double or triple the communication. Information is lost quickly, and frequent repetition can prevent this. I have observed that this repetition is often neglected.

How to Approach Recruiting in the Growth Phase

When a company grows quickly, the workload can overwhelm existing employees. Nevertheless, new employees should be hired with care and calm. In my experience, it is better to create a good recruitment process and work with a small, well-coordinated team – even if that means more work for a few weeks.

The success of the company is significantly influenced by how long employees stay with the company. Successful companies have low employee turnover because when an employee leaves, it means lost know-how and, therefore, financial loss. In my experience, the total cost of a poor hire can be up to USD 45,000. This includes the costs of rehiring and the time it takes for the new employee to work as reliably as the previous one.

In the search for employees, I therefore recommend the following five guidelines:

1. Have the courage to seek top talent instead of hiring inexpensive interns

2. Choose employees who are intrinsically motivated and demonstrate initiative

3. Communicate the scope of responsibilities transparently and honestly

4. Clearly and distinctly describe the company vision

5. Conduct trial days to determine if a candidate aligns with the company culture. If a candidate fits the startup only in terms of knowledge but not in terms of work culture, it is better to refrain from hiring.

Can Young Startups Afford Top Talent?

Startups cannot afford not to hire top talent! Good employees propel the company forward much faster and relieve the burden on the founders. Investing in qualified employees with specific knowledge and cultural fit always pays off. Conversely, inexpensive interns often lead to the company not progressing quickly enough. This was a repeated experience at *Amorana*.

In conclusion, it is worth mentioning that culture beats performance. Creating a positive climate in the company, where employees enjoy their work and are appropriately motivated, contributes massively to business growth.

Chapter 9: Timing & MVP

Timing

Regarding the topic of timing, absolute statements can only be made to a limited extent. There is no such thing as perfect timing for starting a startup in the sense that one just needs to get started.

On the other hand, there are better and worse times when it comes to realizing an idea.

In general, I can say: If you feel the urge, then you should get going. If you wait for the circumstances to be perfect, you will probably never take the step to start up.

Influences on Timing

For me, founding *Amorana* was not at an ideal time. I had little savings and several failed projects behind me. Yet, there is personal timing and business timing. And business timing is about trends.

Trends ebb and flow. It is not about executing an idea that is obviously trending but anticipating the trend. For *Amorana*, this meant selling sex toys online, moving them from a niche to a mass market. At our founding, few saw potential in the idea.

Then «50 Shades of Grey» came along. We had anticipated the increased demand for sex toys, and while others were trying to catch up, we were already riding the wave.

Can trends be predicted?

A pattern I have noticed in both personal and business life is consolidation followed by expansion, a cycle that repeats over time and applies to trends.
For example, *Amazon* once dominated e-commerce by consolidation. Now, we see *Shopify's* popularity, indicating a decen-

tralization in e-commerce, suggesting the next phase might be centralization again.

While trends can give momentum to a business, I advise against jumping on one just for profit. You should personally believe in the trend. In other words, the business you build should align with your interests, if possible.

How Important Is Timing for Success?

Perseverance and proper execution are vital. Yet, a great idea at the right time is magical, providing momentum from day one. In my view, it is crucial for young companies to work with this momentum. However, instead of riding the first wave, I suggest waiting for a second. When people already understand a concept – take cryptocurrencies as an example – entry becomes much easier. A few years ago, crypto was barely discussed; market acceptance was low. Today, launching blockchain projects is easier.

Dealing With Doubts

Studies show people are terrible at imagining the future. One study involved two groups: one recently paralyzed in accidents, and the other recent lottery winners.

Initially, the lottery winners were overjoyed, while the paralyzed participants were very unhappy. After seven years, the situation reversed. The accident survivors found new value in life, whereas many lottery winners became extremely unhappy, losing money, friends, or family.

This shows both groups based their happiness on future expectations, trying to predict the coming months based on current circumstances but failing to do so accurately. We humans tend to have a one-dimensional understanding of things.

This applies to starting businesses, too. If you hesitate to start a business, fearing you might run out of money in six months, I want to say that there is always a way. You might adjust your business model or take a part-time job.

My last piece of advice for dealing with doubts about starting a business is to trust your intuition.

MVP (Minimum Viable Product)

The Minimum Viable Product is the simplest version of a product that can be used for market testing. Thanks to the internet, an MVP can now be developed swiftly.

For instance, if I want to start a keto cake delivery service, I would create a basic website with an online store on *Squarespace* and name it *ketocakes.com*. It is okay to do the testing with a generic name and then switch to the actual brand name later on (see Chapter 6). Setting up the website and online store should take no longer than a couple of days. Then, I would select photos from the internet, upload them, and run *Facebook* and *Google Ads* for USD 90 each per month.

This way, I can gauge interest in my offering before I even have a physical product. It requires only the most basic version of an idea, with the website serving as the Minimum Viable Product.

If someone makes a purchase, I would refund the money, explaining that the item is already sold out and offer a 15% discount on their next purchase. This method allows me to test market reactions efficiently and cost-effectively.

Which Industries Use MVPs?

MVPs are often used in the technology industry. A notable example is *Dropbox. Dropbox* initially presented its idea with a video demonstrating how data could be synchronized between different devices and the cloud. This video was the MVP that *Dropbox* used to enter the market. The actual product did not exist at that time.

Dropbox then invited viewers to sign up for more information, gaining thousands of email addresses from interested parties and using this early user base to set its later pricing.

Another example is an idea I had in 2009 but never implemented. It was to create a peer-to-peer food delivery service. I planned to find local chefs willing to sell daily menus. Then, I would distribute flyers in office buildings to promote registration on a website, followed by sending a newsletter inviting people to order. If no orders were placed, I would have inquired about the reason and offered a voucher.

Flyers and the website would have been my MVPs, allowing me to interact with interested parties and test the service early on. This would have let me tailor the offer to customer desires and quickly correct any errors or inconsistencies.

Why Use MVPs?

Market testing with MVPs allows startups to:

1. Determine if there is market interest.

2. Gather customer feedback, which then flows into the development of the final product.

I have often seen many young entrepreneurs make the mistake of developing a product behind closed doors. I know numerous founders who have developed a complete app and then promoted it, only to face disappointment and rejection from users right from the start.

Arguments Against Testing with MVPs

There are two claims I often hear:

Claim #1: «Another company will steal my idea if I go to market too early.» – To this, I can respond: In the early stages, it is very unlikely that someone will steal the idea; many entrepreneurs overestimate this risk.

Claim #2: «I do not want to get into legal trouble for selling a product that does not yet exist.» – The fear of legal consequences is irrelevant in the beginning. For a young startup, a test website interests nobody. And when the company grows, lawyers will handle the legal questions.

More important than worrying about someone stealing the idea or making legal mistakes, in the beginning, is to seek feedback from users, customers, or interested parties and focus on building and quickly improving the offering.

Chapter 10: Business Models

There are primarily two types of business models: Business-to-Consumer (B2C) and Business-to-Business (B2B).

A well-known company with a B2B orientation, for example, is *Oracle*. *Oracle* offers other businesses a wide range of software solutions for managing their business processes. I would like to focus more closely on B2C models.

Popular B2C models include:

- **Buying and Selling –** Commerce can be physical or online. *Amorana* is an example of an e-commerce company in the B2C sector.

- **Production and Sales –** Retail or wholesale of goods produced in-house.

- **Subscriptions –** There are numerous examples of this model. Take gym memberships, newspaper subscriptions, or language learning apps – these are classic examples. *Spotify* also offers subscriptions.

- **Advertising-Funded –** Take *Spotify* as an example. In addition to the paid premium version with a monthly subscription, there is also an advertising-funded free option. Other companies are entirely advertising-funded. The *Meta* platforms (*Facebook, Instagram, and WhatsApp*), for instance, are free. Users pay with their data instead. In advertising-funded business models, customers are essentially the product.

- **Hybrid Models –** A combination of two or more revenue sources, such as e-commerce and subscriptions. E-commerce generates immediate cash flow, while the subscription model helps understand what content customers find valuable and are willing to pay for. The subscription model always also involves the community aspect, which can be excellently leveraged nowadays.

Which Business Model Is the Easiest to Implement?

For the success of a business model, correct placement, reaching a large user base, and financing (both the existence and timing of it) are crucial. From my experience, e-commerce is currently one of the simplest options.

E-Commerce – In e-commerce, cash flow is generated from the start through sales, which can cover wages and marketing expenses.

Among the more challenging models are:

Advertising-Based Business Models – For startups, advertising-based business models are more difficult to implement. Advertising models are only successful when there is a large user base. Therefore, they are less suitable for niche products.

Subscription Models – From a customer's perspective, subscriptions are attractive as they do not require a large investment when calculated monthly. However, for companies, significant initial investments are required to reach a critical mass. With Freemium subscription models (like *Spotify's*), the challenge is converting non-paying users into paying subscribers. For companies selling Software as a Service (SaaS), it often only makes sense if their customers are larger firms or government institutions.

Do Startups Stand a Chance Against the Big Players?

In my opinion, it is a misconception to believe that large companies will never falter. Look at *Yahoo*, for instance. In the 2000s, the company was considered unbeatable, but then it missed the boat.

The same happened with *Facebook*: Highly popular from 2004 to 2016, it began to lose appeal and only started to rise again after purchasing *Instagram* and *WhatsApp*. Today, the focus continues to shift towards platforms like *TikTok*, diminishing *Facebook's* relevance.

These cases show that even market leaders like *Amazon* or *Google* do not have to stay on top forever. The market is constantly evolving. I am convinced that companies that adapt in time or pick up on a trend can challenge even existing giants.

Closing Words

Starting a business requires courage. If you break down the process into smaller steps, the risk becomes more manageable, and the feeling of being overwhelmed diminishes. Let me remind you: Everything starts with an idea and the first step of making that idea a reality.

Have your vision guide you and build momentum. This momentum often leads to a breakthrough in a seemingly magical way. Perhaps you are already the next person to turn your entrepreneurial dreams into reality.

Imagine it works out. How cool would that be?