# Mindset to startup

## The mindset and tools you need to create a value-centric business

### Hani W. Naguib

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The mindset and tools you need
to create a value centric business

**Hani W. Naguib**

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**This book is dedicated to Egyptian entrepreneurs.**

**You imagine, create & implement, armed with almost nothing.**

*You inspire!*

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# Inspiration Behind This Book

This book would not have been possible without the lessons I gathered in the field while working with entrepreneurs. Throughout my journey of mentoring these exceptional characters, I've come to see several threads that I believe are commonplace on the journey of all entrepreneurs all across the globe.

I've accompanied countless entrepreneurs all the way from the infancy of their startups to the stages of startup growth activities. I was fascinated, to say the least, by how starting up had a very similar impact on people from different cultures, backgrounds, ages, and experiences. The more I interacted with entrepreneurs, the more I saw that entrepreneurship is about the human experience; not the funds raised or the number of customers acquired.

Yes, it is the human element that is the secret ingredient in any startup; not the technology or the raised funds.

Moreover, the beauty of entrepreneurship is not in all the glamour that comes with success. The beauty of entrepreneurship lies in witnessing those determined spirits, who wake up every day to multiple rejections and, yet, still focus on "failing" forward. It is in the unwavering sense of faith in the intangible, which many entrepreneurs harness to fuel their daily battles with uncertainty.

This is the human experience at the center of the entrepreneurial path and it is one that I have witnessed for a decade.

In this book, I reflect on that decade in the hopes of highlighting the primarily shadowed and unspoken parts of the journey that go far deeper than the hype of unicorns and beyond the glitz of sponsored startups. These amazing and fulfilling experiences offered me a special window into how founders perceive, think, and act in real life!

And so, after a decade of work, I finally decided to sit down, open my notes, and attempt to make sense of it all. The result is what you hold in your hand. My aim isn't just to create a sincere guide to accompany anyone who has decided to build a startup. It is also to share the thrilling stories of all the nameless, faceless, unsung heroes who, despite all the challenges, never stopped dreaming and building something extraordinary.

So, this is my ode – or perhaps, my homage – to you brave souls.

*Dear entrepreneurs,*

*If some of you feel that you have learned something from me, I would like to tell you that, in fact, it was me who has been humbled and taken to school by all of you.*

*Now, it is my turn to give something back; to describe and share everything I have learned during this decade-long journey and offer it to future entrepreneurs.*

*As always,*
*Goodwill and Respect*

"

**How will you go about finding that thing, the nature of which is totally unknown to you?!**

Meno, Greek philosopher

# Introduction

We are all entrepreneurs in one way or another. That is because the definition of what it means to be an entrepreneur correlates with the natural curiosity of the human spirit. It is in our essence to ask questions, imagine, and create. Take a look at children in the park and you will find them creating games out of thin air. You'll see them conjuring up big adventures inside their little minds, but you'll also witness them falling and getting up repeatedly – continuing their contribution to their little experience almost completely undeterred. Look at children in schools or try to remember your own childhood. In a classroom, children ask questions, tell stories, color outside the lines, and create beautiful things out of their imaginative minds. They have the propensity to take elementary materials in arts and crafts classes and turn them into the most astounding little pieces of art you've ever seen.

And they get a little bit better every day because they *learn by doing.*

Getting up after falling and learning by doing are two of the most important skills any entrepreneur should possess. But dreaming, which is perhaps the most underrated entrepreneurial quality, is critical too. Dreaming provides the motivation and desire to learn and keep getting up time and time again. We all face the world with our dreams, skills, and motivations, but let us not delude ourselves. Entrepreneurship is not a romantic dream or a Hollywood movie where the hero gets the girl at the end. There are no guarantees in entrepreneurship – not even if you put in the hard work. I have witnessed the shadow of big plans broken on the rocks of reality many times. There is what you have and what you can make out of it. Some, for instance, have determination, grief, loneliness, as well as – of course – money, time, and effort.

Nonetheless, this extraordinary journey of building something is usually stimulated by our environment. We start to look at things with a little bit of

defiance to the status quo and consider the long-ignored "what if?"

*What if I can make this product cheaper?*

*What if I can use this technology to make this solution more accessible or faster (or a combination of both)?*

*What if I can find a better way to deliver this service?*

Those questions are the initial sparks that make the world around you glitter with possibilities and potential. How many of you can say that you've experienced that priceless moment – your "start" moment? If you haven't yet, know this: it can come at any time. It has no age requirements and is not restricted to aha moments that come as a result of meditating in a temple on top of a mountain either. It can happen while you are in the shower, running in the park, having coffee with friends, in the middle of a conversation at work, or even while you are sitting and doing absolutely nothing at home.

I'll reiterate. The spirit of entrepreneurship resides deep inside all of us. It may be dormant but it is there; waiting for the right stimulus, experience, or trigger to rise, inspire, and create. It is like all those apps on your smartphone that you never use. Those apps are there. They're unused, perhaps, but they are there; waiting for the right motivation that will push you to tap on the app icon and start using them.

As you'll soon come to learn, *entrepreneurship is a journey!*

## Making The Most Out Of The Book

In this book, I make an attempt to describe what I have witnessed in the field. I use it to put systems of progress into a tangible framework that can be easily used and practiced by founders. In fact, they can be used by just about anyone with a desire to start a business and make progress on their journey.

The purpose of embarking on the journey of entrepreneurship is to build a successful value-focused and evidence-based venture. This is precisely why I offer founders a step-by-step approach to understanding what that could look like.

The book is divided into three main parts aside from the introduction. The first part is dedicated to understanding the *mindset journey* and its context. It proposes a framework for its system of progress.

The second part is dedicated to understanding the *startup journey*. It challenges some common concepts that are often taken for granted and uses an evidence-based approach[1] behind lean startup[2] to materialize a system of progress. This is a system that founders can use and apply in real life.

Finally, the last part is dedicated to proposing a clear interpretation of the *braided journey* - a combination of the mindset and startup journey. Here, we'll explore how each system of progress affects the the other and creates a medium for the other.

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1  This approach to entrepreneurship requires that founders systematically accumu-late and interpret evidence of the validity of their ideas.

2  This is a scientific approach to building and managing startups that allows entre-preneurs to move from ideation to iteration faster than normal.

I use many real-life cases from the field as examples to clarify the approach and make some of the concepts introduced in this book tangible. The book is written as a conversation between you – the readers – and in that case, you, as my readers, are potential and existing founders.

However, if you're a mentor, you will find this book equally valuable as there are some nuggets of information peppered throughout this book for you.

Ultimately, this book is my humble attempt to help founders get the best possible outcomes for their journey, to emphasize the importance of the journey over the destination, and to make sure that entrepreneurship is seen as a human endeavor.

This endeavor, at the end of the day, is rooted in the desire to create value and meet worldly challenges with profitable solutions. This book is dedicated to sharing everything I learned from the field, working with entrepreneurs on both the business and the mindset, and how to create progress on both fronts.

*So, let's take the first step on your journey.*

# Mindset
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The mindset and tools
you need to create a value
centric business

> **Exploring the unknown requires tolerating uncertainty**
>
> Brian Greene

# 01
## The Uncertain Journey Of Entrepreneurship

In the Introduction, I mentioned that the spirit of entrepreneurship lies in each one of us but that it might be dormant.

As we unpack the uncertain journey of entrepreneurship, it's important to ask the right questions – starting with "why is it dormant?"

It seems that as we grow up, we get too busy to ask questions. Somewhere along the way, we lose the level of resilience we had in childhood and become too afraid to fall down. Consequently, we stop imagining and creating. In simpler terms, we stop coloring outside the lines. Somehow, we are encouraged to stay within the confines of those lines and miss the entire point of life: that we can create our own lines altogether. Entrepreneurs are silly enough to color outside the lines, brave enough to imagine changing those lines, and hungry enough to actually attempt to do it.

And perhaps that is the most important second moment in the journey of entrepreneurship – when you actually decide to make an idea tangible.

But countless people who dare to dream end up suppressing those dreams out of that same fear of failure.

I'm here to confirm that the journey of entrepreneurship is not about winning or losing. *It is not about success or failure.*

It is more about *progress irrespective of winning and in spite of losing.* Moreover, it's about so much more than the figures on the bottom line at the end of the year.

## More Than The Money

For some reason, entrepreneurship has increasingly been perceived as a binary approach to selling products instead of the profound experience behind the journey to create value. It is not enough that a startup can simply reflect a person's dream, solve problems, and make money. Instead, it became this urge to reap unsustainable growth in the now, no matter the consequences later. This stance of doing whatever is needed to reach a glorious initial public offering (IPO) with an unrealistic valuation and a balance sheet in the red is what makes the journey unrealistic and cumbersome.

But the other end of the romanticized spectrum isn't any better because entrepreneurship is not about changing the world as some might lead you to believe. I found that it has more to do with changing lives – starting with the lives of entrepreneurs themselves – and that should be celebrated as well. Anyone who decides to start their own business and works hard to succeed is an entrepreneur. That is no small feat and it shouldn't be treated as such. However, the road ahead depends on the type of person behind the entrepreneurial mask and how far their business can progress.

Let me give you an example from the world of football, or soccer as they call it in some parts of the world.

Some players possess the skills and the drive that win them a spot on the bench of a local league. Others can go on to become key players in some of the world's best teams. The difference between these two groups is only in the players' respective abilities to learn and apply those learnings under pressure in order to make progress. Of course, there is the invisible hand of

luck that puts the right people in the right place, sets the right circumstances, and offers rare opportunities on the journey to build and create.

As members of the supporting community of entrepreneurs, we should take the time to dive deeper and reconsider what we have taken for granted. Entrepreneurs are not rock stars. Raising funds is not equivalent to earning a platinum record for selling a million copies of a released hit. Raising funds is equivalent to signing a deal to record a couple of new albums. The point is this: it doesn't guarantee success. It only reflects the confidence in the potential of the "signed group" or, in this case, the entrepreneur.

But the true measure of success is the outcome, not the output. A band can produce many albums to satisfy their contracts. However, if these albums don't make any sense or difference to the listeners, they will respond in kind to the band and not show up for their concerts or buy their records. The outcome will, hence, be reflected in continual poor sales.

I have witnessed many of these cases where entrepreneurs have fallen into the trap of focusing on outputs to please investors. But I have also witnessed those who, despite not having much, were unshakably focused on delivering outcomes to customers. But for that, they had to develop as leaders in their teams. They had to become a source of inspiration to their investors and a beacon that those same investors could follow or believe in.

When I work with startups and founders, my focus has always ranged from ideas to the early stages of the journey. I assisted entrepreneurs in focusing their ideas of value from abstraction to conceptual and, eventually, to tangible. Watching this progress was a great learning experience. It allowed me the rare opportunity to see mindsets evolving, thinking patterns progressing, and interactions moving from merely responding to developing and deploying pre-prepared actions.

That is the key concept here: *preparation.*

## The Walk

Have you ever seen the movie The Walk [1]? It is based on the real story of a 24-year-old French high-wire artist who willingly crossed the space between the two towers of the World Trade Center in the 1970s. He only had a really long bar, known as a balance bar, to help him maintain his balance while attempting to cross over a space that was over 40 meters wide while precariously perched on a wire 500 meters above the ground. To heighten the suspense in this whole situation, he did so with neither a harness nor a safety net beneath him. It was a breathtaking scene, I must admit. The journey to accomplishing this goal was perhaps even more spectacular than that final scene, in which he crossed from one tower to another multiple times.

Now, close your eyes and imagine yourself standing at the edge of this tower. Let's hypothesize for a moment that you have a mentor and that you have followed their guidance to the letter. You've made your calculations as best as possible and, now, you're ready to walk. Now, let's align this with the precarious balancing act that you will commit to as an entrepreneur. Alongside your team, who already feel like brothers at arms more than employees, you have put together the wiring mechanism and pulled the wire from one tower to the other. As these thoughts cross your mind at the speed of light, you consider taking that first step. First, you calculate the wind's speed and direction while pulling that long balancing bar up. You take your first step and move forward one step at a time.

*Can you feel the cold air brushing your skin?*

*Can you sense the beads of sweat beginning to form on your brow?*

*Do you feel that rush mixed with fear shooting through your whole body at the same time?*

Now, imagine that you've reached the halfway point. You've made so much progress, but you're nowhere near the end. At this point, as you stand equidistance away from both towers, there is a sense of no turning back, but the bar starts to feel heavier. The wind feels faster and the wire vibrates beneath your feet. You take a quick look below and, perhaps, for the first time, you can make sense of what 500 meters feels like. You take another step and continue to walk until you have almost reached the other side of the wire. As you are about to take that final step and get to the ledge, you see the police rushing towards you. These obstacles on your journey are there to test you and you freeze for a moment; not knowing what to do next. Then it hits you. This is not the end of the journey. You must go back! So you swiftly and precisely do the unthinkable. You make a 180-degree turn and start walking back to the other tower. You see the police on the other end waiting for you as you reach halfway. Suddenly, the wire feels like the only safe place on the journey. So you continue taking one step after another with a slight hint of familiarity. You keep telling yourself, I have been here before and can do it again. But then the rushing wind blows off that sense of familiarity as you struggle to use the balancing bar to keep yourself from falling. You regain your balance, pause for a moment, and carefully take another step towards the ledge of the other tower. As the police officers approach it, you stop and decide to go back.

*Now, open your eyes.*

*How uncertain was that journey?*

Truth be told, as soon as you left that ledge, you were stepping into the unknown, testing the unfamiliar, and balancing the unpredictable. You can't go back to where you first started or finish it until you have accomplished what you need to. Now, imagine attempting to make that walk from one tower to the other without much training or practice. Add to this the fact that you've never been up that high and on top of that, you have a moderate fear of heights.

*That is entrepreneurship in a nutshell.*

Entrepreneurship is the journey of making progress despite limited resources in the face of pressure-filled uncertainty with continuous learning. There will be many turning points when it feels like you're doubling back on yourself and many obstacles that make you feel like you're falling right before you reach the finish line. At the end of the day, the journey consists of two main fronts: the mindset journey and the startup or business journey. They both feed on each other and act as a medium to help the other propagate and expand. Both are so intertwined that they usually seem and feel like one huge thing. But I can tell you, as a mentor with a decade of experience in accompanying entrepreneurs on their high-rope act, that both exist distinctly. Additionally, both affect each other tremendously in both a positive and negative light.

# My Uncertain Journey

## *The Setting*

In 2010, I had just finished my MBA in Italy and headed back home to Cairo, Egypt. I remember the date – the 22$^{nd}$ of December, 2010. I was starting a new job at my old firm with an excellent promotion to Vice President of Business Development, responsible for all of the firm's Western European clients. After a short rest, I started my new job – that was on the 8$^{th}$ of January, 2011. Everything was going well with my new role and I had huge plans that I was incredibly eager to implement. With the support of management, I started the implementation right away.

On the 25$^{th}$ of January, 2011, a group of young people went to Tahrir Square and voiced their requests for change. It was not taken seriously. But everything changed on Friday the 28$^{th}$ when that peaceful protest turned into violence. All that we had known and took for granted was suddenly non-existent. It was the beginning of the Arab Spring in Egypt.

## *The Preparation Phase*

At that time, work had understandably reached a standstill. There were no projects or clients and we could not anticipate how matters would go with any certainty. Our offices were very hard to get to because of all of the demonstrations paired with the resulting violence on the next streets. Management, therefore, quickly decided that we could work from home until things calmed down. With all the free time on my hands, I turned to my favorite escape: reading. I had a big pile of books that I had collected during my MBA – books that I had never gotten around to reading. One book led to another, and one topic to another.

Like many of my fellow countrymen, I thought about what I could do to help during this time of need and what I could do to pitch in. Around me, many people joined political parties and either established or joined charity foundations as well as social development NGOs. But for some reason, these options didn't feel like something that aligned with me.

Fast forward to the summer of 2012 and I found myself sitting with some friends, discussing current events and the news. Everyone was sharing their projections of the future, but I noticed that one friend was sitting unusually silent. I turned to him and asked him if everything was alright. He had started his own business in the fall of 2010 and as we started chatting about this venture further, he revealed a number of fears and hangups. I guided him to see potential alternatives for his business and I believe that was my very first mentoring session.

As uncertainty increased with the events unfolding all around us, **my time was divided into three main areas:**

- Reading and learning
- Meeting people with struggling businesses to help them find alternatives
- Following up on the news.

The days went by so fast that I really didn't realize it. One might say, I blinked and all of a sudden it was 2014.

## The Start Moment

I spent those two years learning and implementing what I learned in the field as well as interacting with struggling business owners. One June morning, I was sitting with a business owner and sharing the insights and tools that I collected from my sessions. After a while, he looked at me and asked me whether we could work together on his business model. He wanted to try to find a way to make it more adaptable to the current business environment. We met almost every evening for a couple of hours over the next couple of weeks. We mapped out the business environment and developed an ambitious strategy to compete and adapt. But the significant event came in the form of something he said to me. He said that, for the first time since the revolution started, he felt equipped with the tools and mindset to help him respond to what happens to his business. He felt empowered.

It was as if a glowing light bulb went on above my head at that moment. I thought, 'What if I can do the same for more people?'
What if I can empower and help more people by sharing everything I learned and practiced through merging design thinking, lean startup, and visual working together?

That day, I decided to quit my job at the firm and put everything I learned into one slide deck. And that was my "Start!" moment. It also, amazingly, became the answer to my earlier question of what I could do to help and contribute.

## The Next Phase

Throughout my journey, I have worked with more than one thousand entrepreneurs as a mentor, offering more than ten thousand volunteered hours of one-on-one mentorship for early-stage founders. I've worked on developing tools and approaches to assist founders with their value-focused, evidence-based approaches. These tools are in the mindset and startup journey kit chapters and this is precisely why it's imperative for you to know how these tools came to be.

These are not random opinions or tools based on loose, second-hand research. These are factual and practical elements that have come about through hands-on experience. But before you can move on and begin exploring these tools, here is what I took away as the key insights of my mentoring sessions.

> ## "
>
> # The intangible represents the real power of the universe. It is the seed of the tangible.
>
> **Bruce Lee**

# 02
# The Key Insights of The Mentoring Sessions

In my mentoring sessions, I never gave entrepreneurs proverbial fish. My aim was to teach them how to fish. The focus of all my sessions was to help them see the blind spots in their startup logic and not to offer them opinions of my own. As I often observed, that logic was definitely impacted by the person's psychological state at the time and that is why I started to give attention to the mindset of the human being behind the entrepreneur. I provided the entrepreneur with a safe space to explore thoughts and associated feelings. I was curious about the impact of that exploration on the entrepreneur's performance at the startup level. So, my mentoring had to include both sides of the equation to achieve results.

After a decade of mentoring sessions with entrepreneurs from different backgrounds, ages, genders, and experiences, some patterns began to emerge. In this coming section, I will share with you the insights that I collected. These were collated via a Google form that I would give entrepreneurs to fill out when they requested a mentoring session. These questions were created to help me prepare for the mentoring session and this data would be combined with the notes taken accumulatively during all my sessions.

*Let's dive into the insights with Key Insight #1.*

## Key Insight 1

*40%*

*OF THE ENTREPRENEURS REQUESTING A MENTORING SESSION THOUGHT THEIR STARTUP WAS AT THE PRODUCT- MARKET FIT PHASE.*

**After my first meeting with these entrepreneurs, I found these repeating observations:**

1. Most entrepreneurs were, in fact, not in product-market fit testing but rather in problem-solution fit finding. They just did not know the difference.

2. Most entrepreneurs did not have a clear value proposition (solution) and mainly showcased features (solution components). When I asked them how these features would fix the problem, I usually got ambiguous answers about selling the solution. The problem was not well defined.

3. Most entrepreneurs saw product-market fit as a sales and advertising activity and did not include the competition or the customer in the equation. They did not have a strategy; only a product that they hoped to push on customers with growth-hacking sales techniques when they raised enough funds from investors.

> What we can take from this is that many entrepreneurs are fixated on providing investors with the right answers, even if it means ignoring the exploration and understanding of customer value. Furthermore, many think that investor money is the only missing ingredient in their startup recipe. What many discover later on is that they don't have a startup worth investing in because it doesn't offer any real customer value.

## Key Insight 2

*20%*

*OF THE ENTREPRENEURS REQUESTING MENTORING SESSIONS HAD A WORKING PRODUCT PROTOTYPE BUT DIDN'T KNOW WHAT TO DO NEXT.*

**When examining the issue with them, we discovered the following common reasons for this:**

1. They finished the prototype without any contact or actual interaction with potential customers. In other words, they had a finished product with zero customer validation.

2. They were more focused on building the perfect product from their own point of view and requested the session to get a confirmation of their own point of view.

3. The relatively young founders dealt with the product with the same mentality they used to deal with their undergrad graduation projects at university: as a means to an end. They wanted to finish the best product possible (project) to get the best possible funding (grade).

> The key takeaways here are that many founders get fixated on developing wonderful tech that they think is perfect. They compromise everything for the sake of building the perfect tech. As many of them learn later on, a startup can launch with a less-than-perfect product as long as it can materialize true value from the customers' perspective. They also learn the hard way that investors are not keen on offering them a research grant to develop the perfect tech. Investors put money in products that can offer enough value that customers would be happily willing to pay for and, thus, create value for the business.

## Key Insight 3

## ~25%

*OF ENTREPRENEURS WERE JUST SEEKING IDEA CONFIRMATION.*

**The sessions had these common repeating traits:**

1. The sessions always started with a bombardment of yes or no questions. The entrepreneurs were always eager to get specific answers out of me. It felt more like a negotiation where the entrepreneurs were trying to reassure themselves of the success of their ideas.

2. In many cases, entrepreneurs sought to respond to negative comments from investors and other well-known "ecosystem" individuals. They were primarily looking for a validated response to "the criticism." Some even asked me if they could quote me directly on the validity of their idea to use in discussions with potential investors.

3. Most of these sessions were what I like to call a "one- timer." They come for confirmation and never show up again when they see the blindspots in their startup logic of value. It is understandable. Seeing the flaws meant that the startup might not take off, and they could not have that. So, instead of the opinion-based validation, they got confirmation on "the criticism."

4. For a few of them, the session was an eye-opener. It motivated them to consider seeing the startup from a perspective different from theirs – the customer's perspective – using field validation activities.

This is a very interesting insight because it shows how much the opinion of a founder can stand in the way of the startup progress. By fixating on the opinion of mentors and investors, founders dilute their perspective to an extent that stands in the way of their own original thinking.

## Key Insight 4

## 45%

*OF THE ENTREPRENEURS REQUESTING A MENTORING SESSION INDICATED THAT THEY HAD REACHED THE PROBLEM-SOLUTION FIT PHASE AND THAT CUSTOMERS DIDN'T APPRECIATE THE VALUE THEY WERE OFFERING.*

**During our first session, I found these common patterns:**

1. They referred to the customer segment as class A, B, C, or D.

2. They shared a lot about their solution, but when asked about the problem, they had very few words to describe it.

3. There was this unanimous unsupported consensus that targeting the A or B class is much easier than any other segment.

4. The same unanimous unsupported consensus was that targeting corporate customers (B2B) was much more convenient/profitable than retail customers (B2C).

5. They had minimum interaction with their customers.

That is an interesting observation because it displays the fact that founders don't put enough emphasis on understanding the customers' points of view and build products that no one really needs. I've always asked the entrepreneurs to share more details about their co-founders and founding team in the Google form. The results were often varied and very interesting. The key takeaway here is that many entrepreneurs often spend exorbitant amounts of time on products that they "think" will fill a need just because they have a good idea. However, without validation, that is hard to prove.

## Key Insight 5

# ~40%

*OF THE ENTREPRENEURS SEEKING MY MENTORING SESSIONS WERE SOLO FOUNDERS.*

**These were the common threads that tied them together:**

1. Most of them were male with a background related to a family business.
2. Most of the male founders were looking to find the "perfect" co-founder but were not able to.
3. The female founders preferred to lead alone, citing unpleasant experiences with previous co-founders.
4. Only one female founder was a coder. The remaining founders were focused on the business side of things; especially marketing and business development.

The key takeaway here is that male founders preferred to have support in the form of a co-founder while female founders preferred to have independence in the form of working alone.

## Key Insight 6

# ~27%

*FEMALE FOUNDERS REPRESENTED AROUND 27% AND WERE SEEKING TO GROW THE BUSINESS.*

**These are the common observations among them:**

1. A common observation about female founders is that they performed much better than male founders in discipline and dedication to the startup.
2. Female founders showed more interest in learning in general with a specific focus on validation.
3. Female founders also seemed less focused on getting funded and more interested in making sales and growing their businesses organically.

From this, we can see that there is a certain level of drive and determination present in female founders that is not necessarily organically there in male founders. While this can and usually is cultivated throughout the learning process, female founders tend to have more of a sense of direction and independence.

## Reflections On The Key Insights

Despite using the lean methodology vocabulary, I see little of the mindset implemented in discovering value. In other words, far too many entrepreneurs rush into their product launches without having done enough groundwork to ensure that they have actually learned enough about the value behind their products. While there is merit in the saying "jump and build your plane on the way down," there are far too many entrepreneurs who end up following a wasteful and expensive "waterfall" approach to fix their products post-launch.
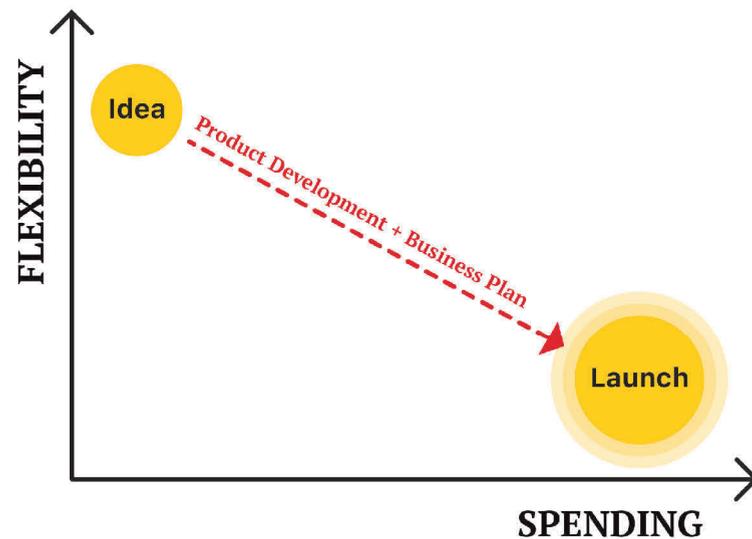


Figure 1: The Risky Investor Pleasing Journey

The common approach is to build a product and write a business plan or create a pitch deck to impress investors. This equation of product development plus business plan offers founders nothing but a high-risk approach to building a business. By rushing to build products and pitch decks, founders don't realize that they are quickly maximizing spending and minimizing flexibility to make changes. I like to call that the rushed decline

towards launching a startup. This is the speedy decline in the ability to make changes coupled with the substantial decrease in cash availability.

When I realized that founders were using lean startup vocabulary and not the approach, I knew that the ideas behind them were not well understood. Instead, they were used to prove a point, win an argument, and glorify a behavior. There are definitely a lot of aspects missed, which led me to consider another common dimension of these results. I found that forcing a startup to happen by rushing the idea to launch with a working product and a business plan had a psychological component – in many cases dominating the business side of the uncertain journey of entrepreneurship.

This is precisely how I came to the postulation that the uncertain journey of entrepreneurship is comprised of two distinct journeys: the mindset and the startup journeys, as previously mentioned. These journeys are braided together in a way that can be easily mistaken for one journey.

As I progressed in my understanding of both journeys, connecting those repeating patterns that were commonly observed, I realized that each journey could have a distinct system of progress.

*Hence, my theory was developed further.* The uncertain journey of entrepreneurship is made of two distinct journeys with two distinguishable systems of progress. These systems of progress affect each other constantly and repeatedly. They are systems of learning that, with the right amount of attention, can help any founder make the fitting progress on their uncertain journey of entrepreneurship.

With a clear understanding of the concepts behind this book and an introduction to the tools that you are going to be exposed to, we can conclude this chapter.

## Exercise 1:
## Remember Why I Am Here

This simple exercise is a reminder of why you started your startup. Sometimes, all you need is to remember why you started it – something to reignite your passion for it.

**Setting**  Choose a quiet place.

**Tools**  Pen, paper, and your favorite beverage (and maybe cookies, too).

**Type**  Personal exercise.

**When**  During a setback to your startup. Once you finish it, hang it where you can see it often, like on your bathroom mirror. It is a helpful reminder.

## Exercise Steps:

1. Write down five reasons why you started your startup.

2. Once you are done, take another five minutes to reflect on what you wrote down by asking yourself:
   - Am I still doing this for the same reasons I started it?
   - If not, then what changed?
   - If yes, then what was my motivation behind each of them?

3. Now, sit down, relax your mind, focus on these five reasons, and remember all the energy and passion when you had your start moment.

*AT THIS POINT, I'M GOING TO MOVE ON AND TAKE YOU THROUGH THE FIRST OFFICIAL PART OF THE GUIDE: THE MINDSET JOURNEY.*

# 1

# The Mindset Journey

# 2

# The Startup Journey

# 3

# The Braided Journey

# About The Author

A mentor and a dedicated advocate for fostering innovation, Hani W. Naguib has woven together a deep understanding of entrepreneurship with a passion for empowering founders. With a wealth of experience, Naguib has played a pivotal role in advising numerous local program teams, imparting invaluable insights into the development of founder-centric programs.

In collaboration with leading programs across Egypt, Africa, and Europe, Naguib has been instrumental in creating immersive learning experiences that empower aspiring entrepreneurs with the tools and knowledge needed to navigate the complexities of the startup landscape. To influence positive change, he has volunteered more than 10,000 hours to support early-stage founders to begin their journey on the right track. He has also offered free mentoring sessions for idea-phase and early-stage startup founders — 70% of which are dedicated to founders who are not affiliated with formal support programs.

With a commitment to fostering innovation and a track record of influencing positive change with entrepreneurship, Naguib has been presented with the prestigious African Ecosystem Hero of the Year Award, 2023 by Global Startup Awards. As he continues to make contributions to the entrepreneurial ecosystem, he remains dedicated to shaping the next generation of visionary leaders and fostering a culture of innovation worldwide.

# ACKNOWLEDGMENTS

# Important to highlight

*The book draws on my experiences with 1000+ founders in the past decade. Here I am highlighting 90 startups that contributed vividly to the examples in the book.*
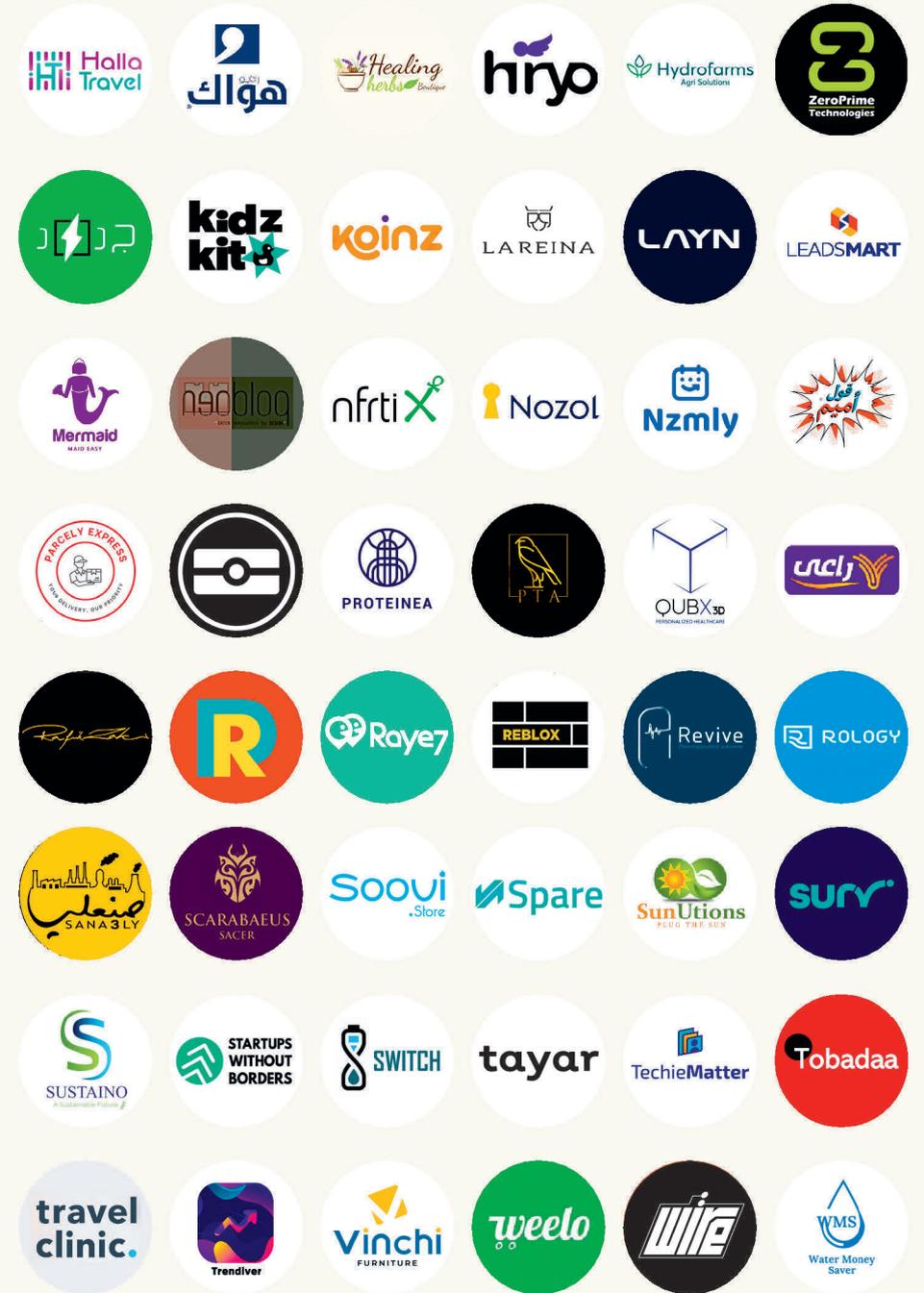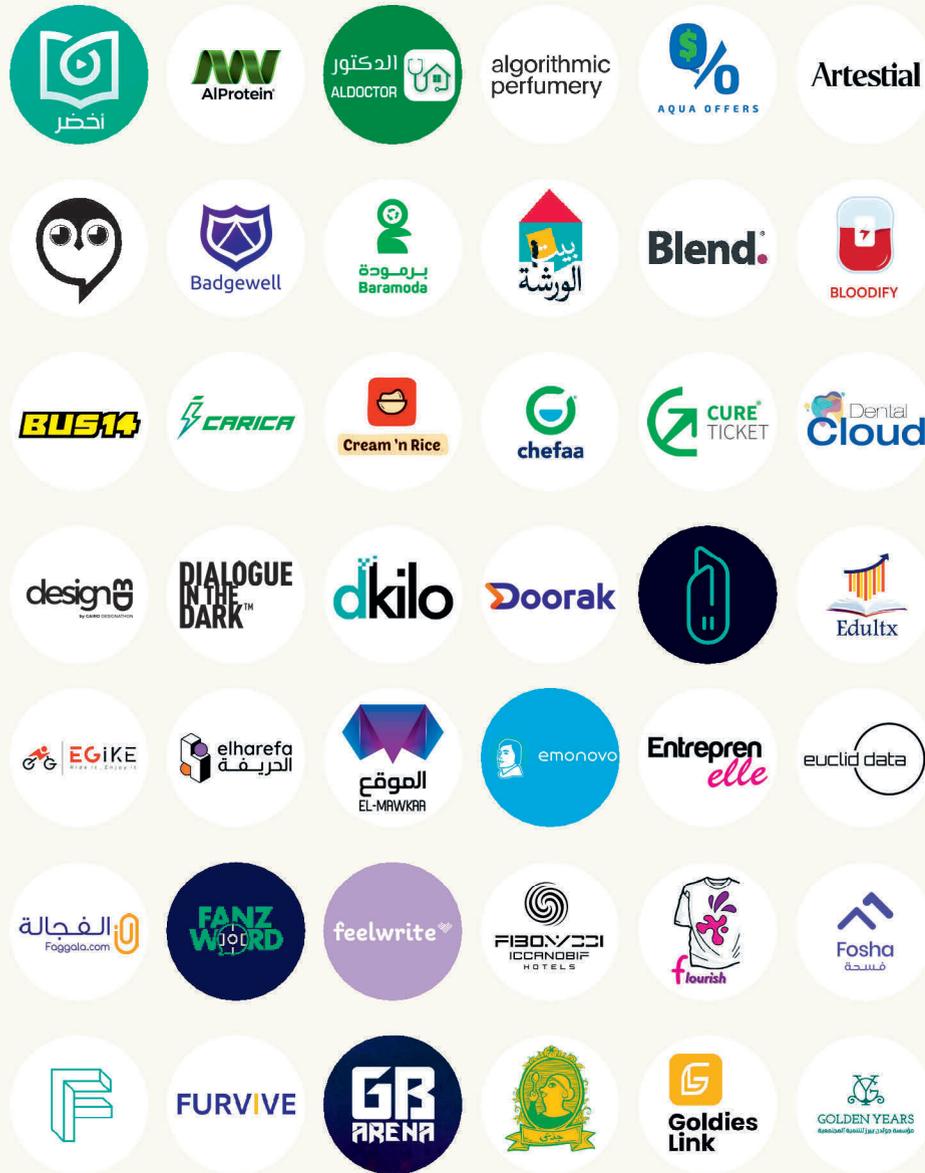
# Glossary of Terms

**Actionable Vision Canvas**

A canvas designed to connect an entrepreneur's personal mindset progress with the startup's progress. It helps communicate and align the vision with co-founders.

**Braided Journey of Entrepreneurship**

The interconnected and intertwined nature of the mindset journey and the startup journey in entrepreneurship, highlighting how progress in one influences the other.

**Balancing Act**

Metaphor for the precarious nature of entrepreneurship, requiring the ability to balance multiple factors, make decisions under pressure, and navigate uncertainties.

**Business Model**

The way a company creates, delivers, and captures value. It includes elements like revenue streams, customer segments, channels, and cost structures.

**Capital Expenditure (CAPEX)**

The estimated initial capital required to acquire key resources essential for materializing key activities and the value proposition in a business model prototype.

**Curiosity**

Inquisitive nature, the desire to ask questions, explore possibilities, and seek innovative solutions, an inherent quality in entrepreneurs.

**Customer Validation**

The process of confirming that a product or service addresses the needs of the target market through direct interaction and feedback from potential customers.

**Discipline in Entrepreneurship**

The ability of an entrepreneur to adhere to a structured and focused approach, emphasizing consistency, persistence, and dedication.

**Dreaming**

The underrated quality of envisioning possibilities and motivating oneself to learn, persevere, and overcome challenges in the entrepreneurial journey.

**Entrepreneur Journey Map Kit**

A set of tools and exercises designed to help entrepreneurs navigate and understand their mindset journey. Includes the Entrepreneur Journey Map (EMJ), Actionable Vision Canvas, and Team Mission Canvas.

**Entrepreneurship**

The spirit of asking questions, imagining, creating, and taking risks; a journey of making progress, learning by doing, and creating value.

**Evidence-Based Funding Approach**

An approach designed to fund founders based on evidence of value, reducing the risk for investors by allowing them to observe founders in action beyond pitch decks and providing innovating founders with a fair chance to prove their startup's potential.

**Feedback Loop**

A recurring cycle of thoughts and actions that reinforce certain behaviors. In Type 1, it involves an overconfident founder promoting reassured thoughts and opinions, leading to a loop of unfounded certainty. In Type 2, it revolves around building a mental box of spotlight delight, with a narrow focus on personal branding. In Type 3, it encompasses worry and imagination loops that can hinder progress.

**Growth-Hacking**

The use of creative and unconventional strategies to rapidly grow a startup, often involving a combination of marketing, product development, and data analytics.

**High-Wire Act**

An analogy for entrepreneurship, symbolizing the risky and challenging journey of making progress despite limited resources and uncertainty.

**Idea Startup Learning Maturity Level**

The early phase of the startup journey where founders transform assumptions into hypotheses and validate them through experiments to gather evidence of value before seeking significant funding.

**Independence in Entrepreneurship**

The preference or desire of an entrepreneur to operate and lead a business without relying on a co-founder, often associated with autonomy and decision-making control.

**Informed Optimism**

The third phase of the Entrepreneur Mindset Journey, characterized by a deep understanding of the journey, appreciation for its effects, and a faster progress towards goals.

**Lean Methodology**

An approach to startup development that emphasizes iterative product releases, rapid prototyping, and continuous validation based on customer feedback.

**Learning Maturity Levels**

Different stages in the startup journey, categorized by assumptions, experiments, and insights. Each level involves progressing from business-related assumptions to mature insights through experimentation.

**Limelight Delight**

A term associated with Type 2 founders, describing their focus on attracting attention and achieving personal gratification through public recognition rather than tangible business success.

**Mentorship**

The guidance and support provided by experienced individuals to entrepreneurs, helping them navigate challenges, make informed decisions, and progress on their journey.

**Mindset Journey**

The internal development and psychological aspects of an entrepreneur, encompassing attitudes, beliefs, and perspectives that influence decision-making.

**Mindset Journey Kit**

A set of tools and exercises designed to help entrepreneurs navigate and understand their mindset journey. Includes the Entrepreneur Journey Map (EMJ), Actionable Vision Canvas, and Team Mission Canvas.

**Mindset System of Progress**

A structured approach to developing and evolving the mindset of an entrepreneur, emphasizing perception, thought, action..

**Outcome vs. Output**

Distinguishing between the tangible results (output) and the real impact or value created (outcome) in entrepreneurial endeavors.

**Organic Growth**

The natural and gradual expansion of a business without relying heavily on external funding, often driven by increasing sales and customer acquisition.

**Perception Presets**

Different types of mindset presets influencing the entrepreneurial journey:

**Type 1:** Founders proceed based on what they know, often leading to an overconfident approach that may hinder adaptability and learning.

**Type 2:** Founders focus on personal branding and seeking the spotlight, emphasizing public recognition over business fundamentals.

**Type 3:** Founders experience a rollercoaster journey with passion-fueled "ups" and doubt-induced "downs," sometimes becoming immobilized by concerns.

**Pitch Deck**

A presentation that provides an overview of a startup's business plan, typically used to attract investors or partners.

**Problem-Solution Fit**

The phase in entrepreneurship where entrepreneurs identify and validate the problem they aim to solve before creating a solution.

**Product-Market Fit**

The stage in a startup's development where the product meets the needs and demands of the target market, indicating a match between the product and the market.

**Psychological Component in Entrepreneurship**

The influence of psychological factors on the decision-making and behavior of entrepreneurs, particularly in the context of rushing into product launches without adequate groundwork.

**Research Grant** — Funding provided to researchers or entrepreneurs for conducting research, often associated with academic or scientific endeavors.

**Resilience** — The ability to bounce back from setbacks, failures, or challenges, a crucial skill for entrepreneurs to persevere in the face of uncertainties.

**Revenue Stream** — The source of income for a business, detailing how it earns money through the sale of products, services, or other means.

**Social Enterprise** — An organization that applies commercial strategies to maximize improvements in financial, social, and environmental well-being. It focuses on creating positive social impact while sustaining itself financially.

**Solo Founder** — An entrepreneur who starts and operates a business independently without a co-founder or business partner. Also referred to as a solopreneur or sole proprietor.

**Startup Journey** — The external journey of creating and developing a business, involving ideation, product development, market entry, and scaling.

**Startup System of Progress** — A structured approach to progressing through the stages of a startup, including idea validation, product development, market entry, and growth.

**Start! Capital Canvas** — A tool used in the idea startup phase to estimate potential revenues, total costs, profit margins, and break-even points for business model prototypes, aiding founders in evaluating the financial viability of their startup.

**Team Mission Canvas** — A canvas focusing on aligning the startup's big picture with the team's mindset. It compiles objectives from the Actionable Vision Canvas into an executable mission.

**Testing Activities** — Entrepreneurial activities conducted to learn about the functionality and reliability of the technology needed to materialize a value proposition, ranging from proof of concept development to creating a final product.

**Uncertain Journey of Entrepreneurship** — The challenging and unpredictable path that entrepreneurs navigate, involving both the mindset and startup journeys, characterized by learning, adaptation, and progress.

**Validation** — The process of confirming the viability, feasibility, and desirability of a business idea, product, or solution through evidence and feedback.

**Value Creation** — The process of adding value to products, services, or solutions, a fundamental goal in entrepreneurship.

**Value Exploration Stack** — A toolkit for entrepreneurs during the idea startup learning phase, emphasizing an iterative approach to understanding value through four main questions related to customer benefits, business benefits, technical proof of concept, and user experience.

**Value-Focused Venture** — A business or entrepreneurial endeavor centered on creating value for customers, solving problems, and making a positive impact.

**Waterfall Approach** — A traditional project management approach where progress flows in one direction through a sequence of phases, often contrasted with agile or iterative methodologies.

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# Mind**set**
## to startup

Embark on an enlightening journey with 'Mindset to startup,' a guide that goes beyond business basics to awaken the entrepreneur within you. Whether you're taking your first steps in entrepreneurship or seeking to deepen your business acumen, this book is your roadmap to success.
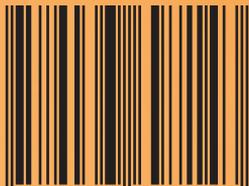
With his extensive mentoring experience, author Hani W. Naguib reveals how intertwining personal growth with business strategy — the braided journey — is key to sustainable success. This book is about building a profitable venture and about cultivating a mindset that embraces resilience, value creation, and meaningful impact.

'Mindset to startup' guides you through real-life examples, showing how to navigate the entrepreneurial landscape with insight and purpose. Ideal for aspiring founders, seasoned entrepreneurs, and mentors, this book is a catalyst for transformational growth in both business and personal realms. Dive into this journey and transform your entrepreneurial dreams into a tangible reality.

## Hani W. Naguib

An innovation advocate in Cairo, Egypt, with a decade of collaboration with organizations like IFC, Global Entrepreneurship Network, EIT Climate-KIC, and Plug'n'Play. Named the 2023 African Ecosystem Hero, Hani dedicates over 10,000 hours to mentoring startups globally, teaching at ESLSCA Business School, and speaking at TEDx, Lean Startup Night, Startup Grind, and GEN Week events.