

# **START GROW SELL**

**JURGEN INGELS**

**50  
LESSONS  
FOR SUCCESSFUL  
ENTREPRENEURSHIP**

**Lannoo  
Campus**

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## Introduction

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I started my entrepreneurial journey at a very early age – from necessity! When I was sixteen years old, I began to discover the local party scene. My father said it was okay to go, but I had to be back home by midnight. I tried to explain to him that parties actually start (and not end) at midnight and that all my other friends were allowed to stay out much later. But he wouldn't hear a word of it.

My father was a fantastic man. He had never been given the chance to study, but he was intelligent and well read. He knew a lot and always encouraged my brother and me to work hard at school and to look at the world critically. He understood that the life of an ordinary worker is not always an easy or enjoyable one. 'You'll get nowhere without hard work' was one of his favorite sayings. It was something that has always stayed with me.

He was strict. Arriving home just a minute late meant that you were grounded for the following week. And he applied his rule both systematically and progressively. I soon realized that he wasn't going to budge: if I wanted to spend more time at parties, I would need to do some pretty creative thinking. The answer came to me in a flash: what if I was the one organizing the party? That way, I would have to stay to the end, if only to clean up and lock up. I couldn't leave that in someone else's hands, could I?

Besides, there were a thousand-and-one other aspects to organizing a party that I needed to attend to: finding sponsors, managing the budget, arranging the marketing, designing the posters and getting them printed, persuading friends to help out, selling the tickets, etc. I placed my hope on the argument that organizing parties would teach me a lot about entrepreneurship – and it worked. My father finally agreed.

Our first party was called 'After Hours'. It was a big hit and before we knew it, we were organizing more and more parties each month. We eventually reached the point when we were holding a party a week and the number of people attending began to soar. We had become a small business! Fortunately, back in those days there was no such thing as 'accounts' in the party world and most payments were made under rather than over the table. We knew no better.

When I went to university, I started my studies as an industrial engineer, but I never really enjoyed it. I was more interested in history, psychology, economics and philosophy. After two years, I decided that a dramatic change of course was needed. Some people thought that I had gone crazy – something that people would often think later on as well, during my entrepreneurial career – but my mind was made up and my parents supported my decision.

It can't have been easy for them. We were not a rich family and financial sacrifices had to be made to allow two children to study at university. It was eventually agreed that I would switch to political and social sciences at what was then the UFSIA, which is now part of the University of Antwerp. To help pay for it all, I combined my studies with a 30-hour week working in a Quick burger bar. I lost count of the number of burgers I cooked and I can safely say that Giant holds no secrets for me!

If you are working thirty hours a week, it is impossible to attend all your lectures and lessons. Thankfully, I had lots of good friends who diligently took notes for me. Some of them even jotted down the jokes (mostly bad) that the professors had told. I quickly realized that these notes were worth their weight in gold – and not just for me. In return for a free Quick meal, I got the necessary permission to commercialize them. Once again, what started as a necessity had turned into an opportunity. It was to become a recurrent theme in my later entrepreneurial career.

I found someone to type out the notes and made a good deal with a local computer store. They had just taken over a copy center, but didn't really know what use to make of all their photocopy machines. I paid them two eurocents for every copied page of notes, which I then sold to my fellow students for four cents a page. A good margin, don't you think?

I started with notes for the various political and social sciences courses I was studying but soon branched out into other courses, such as applied economic sciences and law. More were destined to follow.

Later, I added exam questions to my 'range' of products. In return for a pint (or two) in a local pub, I persuaded students to tell me what questions they had just been asked by the examiners. Once again, I had these typed up and made available to everyone – for a small fee. Because professors tend to ask

the same things with almost predictable regularity, I soon had a list of nearly all the possible exam questions for every subject. Handy for myself, but also handy for my friends.

Before I had finished studying, my 'company' had sold more than a million copies. After I graduated, I bequeathed it to the student faculty. Above all, it taught me how you can place a product in the market by word-of-mouth advertising.

During my second year at university, I was chosen as president of the faculty and chairman of the student union. Thanks to my sale of course notes and exam questions, I no longer needed to work as many hours at the Quick so I had more time on my hands. The Political and Social Sciences Faculty was one of the smallest and poorest in the entire university. The parties organized by the faculty never drew in more than a few hundred people and in general 'pol and soc' students tended to be regarded as weirdos. 'Time for a change,' I thought.

And thus the *Nacht van de Erotiek* was born. This event – the name translates roughly as 'Erotic Nights' – was an attempt to focus on the risk of HIV, but in a fun way. A pair of strippers soon got the party atmosphere going, but it was all fairly innocent, certainly in comparison with the kinds of things you can see on television nowadays.

Be that as it may, back then it was enough to spread the name and fame of our faculty throughout the city and beyond. We were no longer the weirdos; we were now the talk of the town. Suddenly, everyone wanted tickets to our parties, which did our finances no harm at all. Almost overnight, we were transformed from one of the poorest faculties in the university into one of its richest. My lessons this time? That you can always win, even from an underdog position, and that creativity and imagination are powerful weapons.

The *Nacht van de Erotiek* might have been popular with my fellow students, but it didn't make me popular with the university authorities. In particular, the rector, a male version of Queen Victoria, was not amused. He had a problem with the basic concept, no matter how hard I tried to explain that the main aim was to promote an important campaign about the safe use of condoms.

To polish up my tarnished reputation, but also because I like organizing events, during my studies for my Master of Business Administration (MBA) degree, I

tried out a new concept: ClassX. The basic idea was that we would arrange a concert for young people with the Philharmonic Orchestra of Flanders. There was, however, a special element: all the profits would be invested in the purchase of 2,000 bottles of champagne, which everyone could drink to their heart's content at the reception after the concert. This reception was actually a huge networking event that would allow the sponsoring companies to come into contact with the attending students, which was potentially interesting for both groups' futures. Once again, this convinced me of the power of networking, so much so, that we organized this event several times, even after I had finished my studies.

During my MBA, I had to undertake a period of on-the-job training. I was sent to work at the Gemeentekrediet, a financial institution that later became part of the Dexia banking group. In 1996, Gemeentekrediet had plans to set up a large risk capital fund. Two other students and I were given the task of finding the evidence to substantiate scientifically that this was a brilliant idea.

It soon became clear that the bank didn't have the faintest idea about risk capital and what it involved. In fact, they had very little experience at all of dealing with companies and investments. They weren't that kind of bank. As a result, instead of backing the management proposal, we argued that it was better to set up a much smaller fund that would allow Gemeentekrediet to ease its way gently into the unpredictable world of risk investment.

We took something of a gamble, because our task had simply been to find substantiating elements to support the idea, not to revise it completely. But I wasn't prepared to substantiate something that I knew was not really in the interests of the bank.

After we had made our presentation to the senior management committee and answered their barrage of questions, the bank finally agreed with our point of view and I was given the opportunity to set up the small fund we had recommended. There was just one problem: my work at the bank had given me some first insights into risk capital, but I was by no means a specialist.

To overcome this problem, I asked two of my younger friends to write their thesis on the subject of risk capital. 'Search throughout Europe for all the possible information you can find about risk capital funds.' That was their task. *How do*

*these funds work? What structures do they use? How do they make their decisions?* I wanted to know everything.

After just a few months, they had provided me with a mine of valuable information. Because they were students, the banks had given them everything they asked for: specimen contracts, details of operational organization, criteria for analysis, etc. By the end of six months, we had acquired a level of knowledge that would have taken us five or six years to acquire organically. Just as importantly, I learned how you can reduce the duration of a project and quickly become your own expert.

For the next five years or so, I did my work with great passion. I was responsible for investing money in young technology companies in exchange for shares, with the aim of then later selling those shares for profit, both in Europe and the United States. After a time, however, I found myself confronted by an interesting problem.

When we were investing in the US, it was amazingly difficult to get money transferred into our American bank account. Not only did the money take weeks to arrive, but the whole process was expensive in terms of the fees and commission charged. Once we were even told that our money was 'lost somewhere in the system'. When I asked a member of the bank staff where exactly in the system, she replied, 'I haven't got the faintest idea. You've just got to wait and pray that it turns up again.'

This financial system was a kind of black box: you knew when the capital was sent but you never knew when it was going to arrive at its final destination. I was convinced that there must be a better way of doing things and so I began to look more deeply into the processes of making international payments. I have always been inquisitive by nature and in my opinion that is something that all entrepreneurs have in common. One of my favorite questions has always been: 'Why is that so?'

It soon became clear to me that the payment infrastructure was a tangled mess of complicated procedures, a kind of financial spaghetti: details were spread across different locations, several of the processes were duplicated unnecessarily, and the real-time handling of funds was still light years away.

The more I looked at the problem, the more I became convinced that I had been presented with an opportunity to provide a solution. In my favorite pub, the Rond Vierkant (Round Square) in Antwerp, I designed a first draft of this solution on the back of a beer mat. No rocket science, but a pragmatic way to solve the problem that no one (seemingly) had yet thought of.

A new idea was born. I took advantage of the bank's career interruption program and set about developing my solution. Looking back, it was a crazy decision. I knew nothing about payment systems. And I can still vividly remember a conversation I had with a manager in the bank's payment department about the merits of my new brainchild: 'We've been doing things the same way for the past twenty years and it works. Why the hell would we want to change it?'

Kimball Felix, a good friend of mine, became my first employee. At the time, he was working at what was then Citibank but he was bored out of his mind. I convinced him to join my adventure. At this point, we felt we needed a name. What did we want to do? We wanted to make and clear payments. And so we became Clear2Pay! All dreamt up over a couple of bottles of good wine. I can still hear my wife's comment during our brainstorming session: 'Boys and their toys!' It was only later that I came to realize the importance of having a good international name.

Clear2Pay eventually grew into a multinational company with more than 20 offices worldwide, employing 1,200 people and providing software to 40 of the 50 largest banks in the world, including the Federal Reserve Bank, the Bank of China, and Wells Fargo.

It was a marvelous adventure. Sometimes there were triumphs; sometimes there were setbacks. Sometimes there was joy; sometimes there was frustration. We attracted risk capital and took over one company after another. We had fun but we also had plenty of anxious moments. Managers were hired and fired. Along the way, I learned that money sometimes brings out the worst in people.

At the end of 2014, this adventure came to an end. We sold Clear2Pay to FIS, a large American technology company. Some people thought that Clear2Pay was just a lucky shot on our part. I knew that they were wrong, precisely because I had personal experience of just how hard it is to get a technology company off the ground and then keep it in the air. Of course you need luck, but I believe

that there are also certain methods you need to apply in order to maximize your chances of success. For this reason, ever since 2014 I have been involved in the setting up and running of new technology companies, in part to prove that Clear2Pay was anything but a lucky shot. My aim was, and is, to show that it is perfectly possible to develop a successful tech-company from a base in Flanders, a region that has good engineers, a high standard of living, and housing that is much cheaper than in cities like Amsterdam or London.

One of the companies that I have helped to grow is Guardsquare. This Leuven-based enterprise creates software to protect the source code of your mobile devices against hackers. The company was chosen as 'Scale-up of the Year' in 2019, exactly ten years after Clear2Pay won the same prize. In addition to Guardsquare, I am also involved in Silverfin, BrightAnalytics, Projective, and Deliverect. These are all companies about which we will hear great things in the future, of that I am certain. In addition, to provide a better framework for investment and also because I think there are simply too few Flemish technology funds, I decided to set up a new investment fund of my own, SmartFin, with a good friend. It was a new adventure, starting again from scratch. And once again, it was a bull's-eye. SmartFin now manages some 300 million euros of funds.

SmartFin has already realized two highly successful Flemish exits: the introduction of Materialise (3D-printing) on NASDAQ, the American technology stock exchange, and the sale of Newtec (satellite communication) to ST Engineering. These two exits have made it possible to further expand the fund, allowing us to invest in a growing number of technology players.

However, I want to do much more than simply invest money in companies. I also want to inspire people. I want to enthuse others with my burning passion for entrepreneurship and technology. As a young boy, I once visited the Flanders Technology International trade fair, where I goggled in amazement at all the different robots and other clever ideas on show. As an adult, I thought it was a pity that this kind of major technology festival was no longer organized in Flanders. There are plenty of such festivals in other countries, including Slush (Helsinki) and Web Summit (Lisbon). I contacted various bodies to see if they were interested in organizing something similar in Flanders. They all said they would think about it and get back to me. Six months later, they were still thinking ...

As a result, in 2018 I decided to do it myself, working together with a few friends who are all as crazy as I am. In just a few months' time we had SuperNova up and running, a technology festival with guest speakers from around the world and a wide selection of demonstrations to provide inspiration in dozens of different fields. There was a section with things of interest for companies, but also a section for the general public.

The idea to organize the festival might have been impulsive, but the outcome was fantastic. We were able to welcome no fewer than 35,000 visitors to various locations in Antwerp. And it gave me great pleasure to receive hundreds of positive reactions. This made it clear to me that we had a good basis for organizing something similar again in the future.

Inspiring people and sharing my knowledge is also something that I have been able to do through my participation in the Belgian version of the *Shark Tank* (USA) or *Dragons' Den* (Britain) TV program. The basic idea is that budding entrepreneurs try to sell their ideas to a panel of investors, in the hope of being given the necessary financial support to turn their ideas into practical reality. I was one of the investors and I had great fun during the recording sessions. It was great to experience the passion and the fire that I saw in the eyes of some of the participants. But what struck me most was the realization that an awful lot of work still needs to be done to teach potential entrepreneurs how to pitch successfully. It was clear that many of them lacked even minimum knowledge about finance, sales and internationalization.

Since the sale of Clear2Pay, I have been asked time and again to reveal the secret of how you can develop a major company when starting from almost nothing. Sadly, and to the disappointment of many, I always have had to reply that there is no secret, no magic formula. You can only draw conclusions and learn lessons from your own experience and the experience of others.

This book describes a number of the most important of these lessons. If my children should ever consider becoming entrepreneurs, then I hope that this is the first book they will consult. It will give them a necessary push in the back and help them to overcome the obstacles they will undoubtedly face.

Every entrepreneur follows a different path and there are many paths that can lead to success. I am certainly not claiming that my wisdom is the only wisdom

or that I have a monopoly on the truth. That is not the purpose of this book. It is simply a succession of my own personal experiences and anecdotes that may prove useful and inspirational to other budding entrepreneurs in their efforts to make their own dreams come true.



Here's to the crazy ones, the misfits, the rebels, the troublemakers, the round pegs in the square holes ... the ones who see things differently — they're not fond of rules ... You can quote them, disagree with them, glorify or vilify them, but the only thing you can't do is ignore them because they change things ... they push the human race forward, and while some may see them as the crazy ones, we see genius, because the ones who are crazy enough to think that they can change the world, are the ones who do.

– *Steve Jobs*



$$1 \quad (1.01)^{365} = 37.78$$

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I have already said it in the introduction, but it needs to be repeated: there is no secret recipe or golden tip to becoming a successful entrepreneur. There is, however, a neat mathematical formula to which I often refer when I am questioned (as I frequently am) on this subject. It is a pearl of wisdom that I have applied since my student days and that has also helped me a lot as an entrepreneur. In fact, it has never let me down. I have even given it a name: 'the power of the extra mile'.

To understand this mathematical rule, you need grasp the significance of the following three calculations:

$$(1.00)^{365} = 1.00$$

$$(1.01)^{365} = 37.78$$

$$(0.99)^{365} = 0.03$$

The first figure varies in each case by just one-hundredth. One percent. A negligible amount, you might think. Until you exponentially multiply it by the number of days in a year. All of a sudden that single hundredth makes a huge difference.

In the past, I have applied this mathematical metaphor in various ways. When I was at university, I was the member of a student club called 'Westlandia'. When it came to partying and drinking, we had a certain reputation in Antwerp that we were expected to uphold. Our 'cantus' were famous (or rather notorious) throughout the city and every evening you could find us downing pint after pint in our regular pub.

Many of my fellow students, who were either not members of a club or else belonged to a club that took things a bit easier than we did, thought there was no earthly chance that I would ever pass my exams and get my degree. But what they failed to see was that every day – before I went to the pub – I studied hard for a couple of hours. I began this habit on the very first day of the academic year and kept it up right to the very end. I never missed a day.

Two hours a day doesn't sound like very much, but as a student it will get you a hell of a long way. It allows you to build up a good lead over the students who only begin their serious studying during the pre-exam revision period. This is what I mean by the power of the extra mile: it is the bonus of consistently doing that little bit more than everyone else.

As an entrepreneur, I am regularly asked how I manage to combine all the different activities of all the different companies with which I am involved. Once again, the answer is to be found in the power of the extra mile in that simple mathematical formula. For example, I often work on Saturday mornings, from nine to twelve. It is just three hours a week, but if you add up all those three-hour periods over the course of a year, you end up with an additional twenty or so working days. Almost a full extra month. Imagine what you could achieve if you had your own thirteenth month!

Even as a student, I understood that micro-progress is also a form of progress. In fact, micro-progress is a necessary prerequisite for moving forward at all. 'Mighty oaks from little acorns grow' is the essence of the formula that has been my guide for the past thirty years. Big things are often made from a succession of little ones.

Building up a company is like having to climb a huge mountain. When you look at the mountain from a distance and realize that you somehow have to get to the top of it, you may sometimes lose heart. As a result, many people decline to take on the challenge. They are afraid of the mountain, frightened of its size or fearful that they don't have the right tools and expertise to tackle it. Whereas in reality, conquering the mountain is very simple: if you take enough small steps in the right direction, sooner or later you will arrive at the summit. Entrepreneurship is just as simple: it requires you to consistently take a new step forward each day. Sometimes it might only be a little step; but sometimes it might suddenly be a huge one.

My mathematical formula works in both directions. Just as it is possible to make spectacular progress with no more than one percent of extra effort each day, so it is possible to lose ground in equally spectacular fashion with one percent less effort. I often meet people who seem to expect that they can achieve more by doing less. Nothing could be further from the truth. The vast majority of the successful entrepreneurs I know – including the brilliant geniuses who