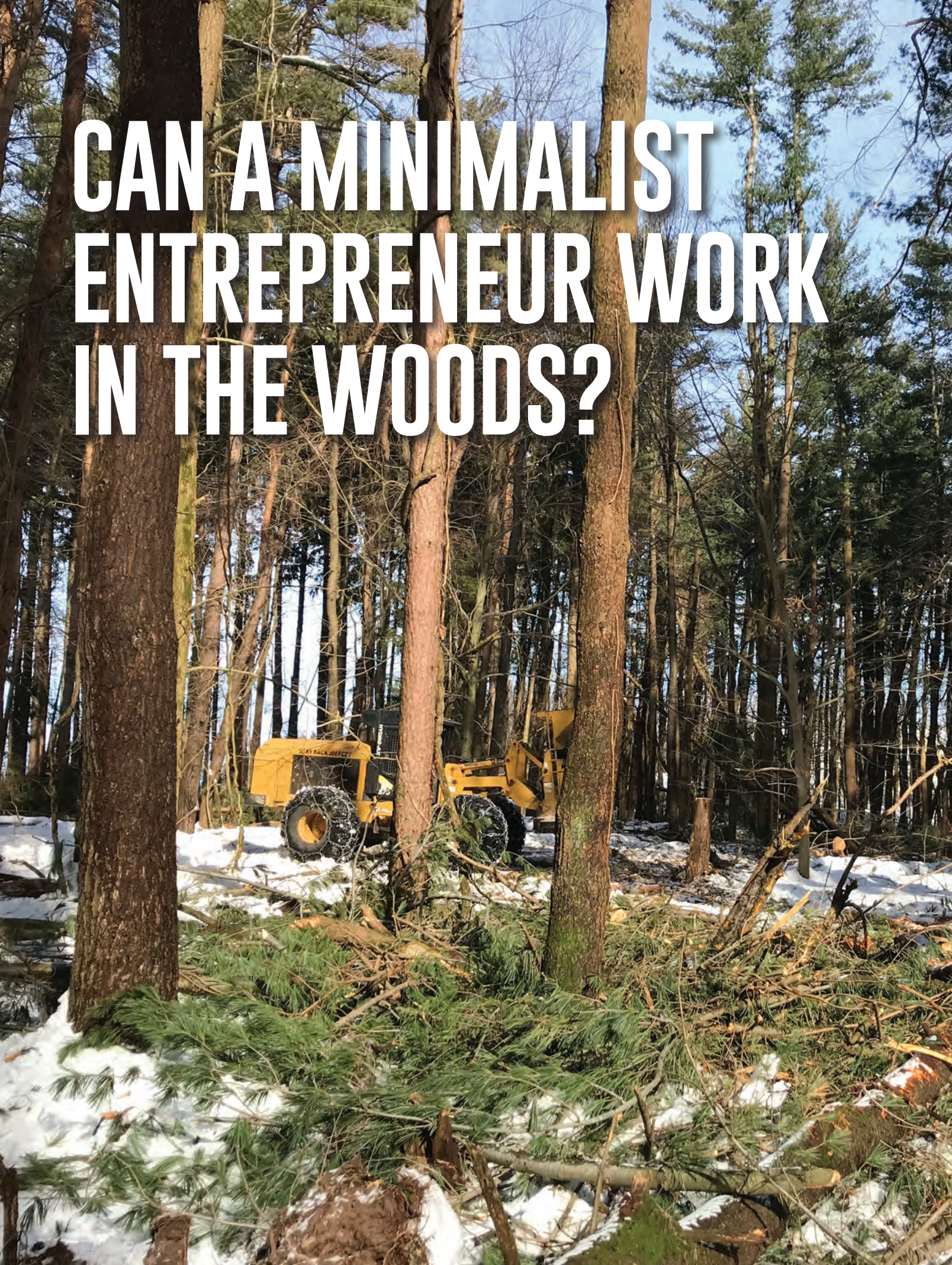
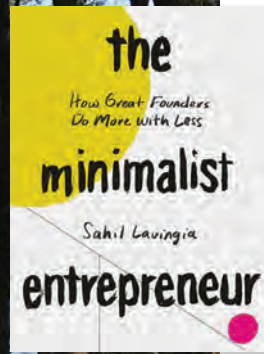


CAN A MINIMALIST ENTREPRENEUR WORK IN THE WOODS?





INSIGHTS FROM SAHIL LAVINGIA'S NEW BOOK

BY STEVEN BICK

Waiting for the ideal book on forest entrepreneurship is like waiting for the ideal time to start a business. Good opportunities are lost to inaction. Sahil Lavingia's new book – *The Minimalist Entrepreneur: How Great Founders do More with Less* – was written more for those in the tech industry, but it contains many insights useful for any small business owner, including those who make their living in the woods.

One quote in particular made it clear this book had plenty to offer for people in the forestry world. In discussing entrepreneurs, he states:

“Many of them are family firms, or small to midsize enterprises content with steady evolution of their niche and a passionate multigenerational customer base. Something to aspire to!”

This sounds like a lot of the firms that make the northeast's forest economy work. It also sounds like the vision many people have for their companies. Whether you are thinking of starting your own business or are already well underway, this book has much to offer. Some of the more relatable points in the book follow.

Creators First, Entrepreneurs Second

Sahil Lavingia is the creative force behind Gumroad (www.gumroad.com), a service that helps creators sell their work. His experience with the many businesses who use this service led to him writing *The Minimalist Entrepreneur* those who are “creators first, entrepreneurs second.”

Many forest products business owners think of themselves as doers first and entrepreneurs second and probably don't think of themselves as creators at all. The reality is that doers are creators. Loggers, foresters and truckers create products and opportunities that solve problems in their communities.

Profitable at all Costs

Sahil describes minimalist entrepreneurs as making a difference while making a living. Making a difference is in the eye of the beholder. To some this might mean creating healthier workplaces or reducing carbon footprints. Others make a difference by offering products and services to satisfy unmet or underserved needs. If you think in terms of a shortage of

Feller buncher working in a central New York softwood plantation

Podcast Discussion of *The Minimalist Entrepreneur*

Thinking of reading this book? Do you want to hear more of what others in the forest products industry think about it? Listen as alumni of the Vermont Forest Business School discuss the book on the Logging Chance Podcast: www.loggingchance.com/logging-chance-podcast

reliable, high-performance truckers or loggers, it's not hard to see where entrepreneurial opportunities exist. If you don't make a difference, who will really need your work?

Sahil states that "Minimalist entrepreneurs create businesses that are profitable at all costs." In contrast, some entrepreneurs—particularly in the tech world—start out with the end goal of selling their company for a large payout. They raise loads of seed capital and create a business that is attractive to investors but that does not actually turn a profit, at least at first. Minimalist entrepreneurs instead strive for profitability almost immediately and therefore require minimal outside investment.

Forest-based small businesses almost always follow the minimalist entrepreneur model. They are bootstrapped or founded with standard business loans for equipment. Positive cash flow is needed to cover expenses and profits are needed for the owners to make a living. Swapping equity in a business for cash from investors to pay for initial operating expenses is a poor trade-off for a small business, if the intention is to provide a long-term livelihood for an individual or family.

Minimalist entrepreneurs, according to Sahil, "don't spend money they don't have" and "don't sacrifice profitability for scale." Sound advice, but these statements bear a bit of unpacking.

"Don't spend what you don't have," for a small business, means not spending what you can't pay back as soon as possible. Using credit cards or lines of credit for short-term cash flow reasons is perfectly acceptable – providing regular payments in full are made and minimal or no interest is paid on this debt. There is a difference between overspending on business conveniences and missing opportunities to operate because of an unwillingness to use credit to purchase necessary inputs like fuel, parts or a supply of wood.

Sacrificing profitability for scale involves putting all available funds toward growth. Small businesses often operate this way initially and it is understandable. This practice is incredibly stressful when the business is the primary source of a family's income. Here Sahil is making the case for slow and steady growth. Small business owners should at some point start to realize



Mixed hardwoods on a central New York timber harvest.

parallel growth in their personal income and in the growth of the company. This is a sort of proof of concept that assures that the effort necessary to build and grow a business is actually worth it.

Sahil talks about a minimalist business as a "get-rich-slowly" proposition and says to "pay yourself as profits allow." Profitability rather than growth is the key performance indicator. This notion is entirely consistent with the continuous improvement approach that uses profit and return on investment as the metrics for operational and investment decisions. As a minimalist entrepreneur you will "provide yourself enough of an income to be able to focus on what matters: helping your customers solve their problems."

Start with Community

Sahil devotes a lot of space in the book to the idea of a community consisting of authentic relationships. At first glance it seems like he was simply describing markets, but community is more like the broader world from which the individual markets for a small business arise. In forestry, the community will consist of people both within the supply chain and peripheral to it. While the market might consist of mills, land management companies and primary consumers of forest products, the community is larger, with many levels of participation from landowners, suppliers, outside service providers and even public agencies. Word of mouth among these groups is vital in providing a constant flow of work and sales opportunities to choose from.

Sahil illustrates how understanding and participating in a community leads to identifying the problems this community has that aren't being addressed. Community problems are business opportunities. If these problems can be solved with products or services, the next step is to create a business that supplies these things.

"The best communities are made up of individuals who might be otherwise dissimilar but who have shared interest, values and abilities" writes Sahil. Sorting through the larger populations of potential markets and collaborators, entrepreneurs ultimately find, sustain, and grow a community based on commonalities. These communities have a compound effect, as successful transactions, referrals, and other forms of help ultimately lead to a continuous flow of work and sales opportunities. Communities allow business owners to build momentum and give them connections to draw upon during periodic downturns.

A Solid Background

One of Sahil's most tangible suggestions is to have a "solid background (or interest) in one aspect of the business," even while emphasizing that you don't have to be an expert to be a creator. This is true even when the entrepreneur might not know all facets of the operation or even how to begin. For most forest-based small business (and probably for most small businesses in general), this one thing is usually technical skill. The long-

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time equipment operator buys machines and starts a logging business; a forester might use skills learned in school or an entry level job as the centerpiece of a consulting business, and a log buyer might go on to start a sawmill. In each case, they will find that they still have a lot to learn about operating a business, but they at least have a core competency to fall back upon.

In other cases, the core competency might not be related to the operational side of the business but can still be equally valuable. Someone with experience in hiring and managing employees, or in bookkeeping or in inventory and supply has some of the skills necessary for a forest-based business. Similarly, the serial entrepreneur with the guts to start something new and the experience in the nuts and bolts of setting up a company as a legal entity has some of what it takes. For the technician, these managers and entrepreneurs may make excellent business partners.

Processize Operations

Sahil talks about a business helping people in a “systematic, repeatable way that allows for continuous improvement and iteration.” Since most of what we do in the forest products world consists of both projects and processes, there is much to be gained from getting the process right. Selling timber, logging and sawmilling, as a simplified way of looking at the forest products supply chain, involve the interaction of three different processes, each specific to individual businesses.

While each timber harvest and each run of logs has its own specific challenges, there is a general process to follow in each link in the chain. In a world where businesses may have little or no control over prices, financial gains are a combination of efficient processes and completing as many projects as possible. Any administrative or setup process that can be automated or simplified frees more time for the more tangible aspects of production. Time and production lost to trivial matters or miscommunications have a negative impact on the bottom line.

If small business owners truly are creators, then the processes they follow are ways to differentiate a business from others. Sahil suggests a business processize its operations – a new term of his own invention. Anyone working in the forest products supply chain (or simply participating in the larger economy) knows there can be big differences in both the experience and results of dealing with different entities. The way in which you do things then helps you find and build your work community. As Sahil says “as long as you are working toward being right through processization, you only have to be right once.”

Educate, Inspire, Entertain

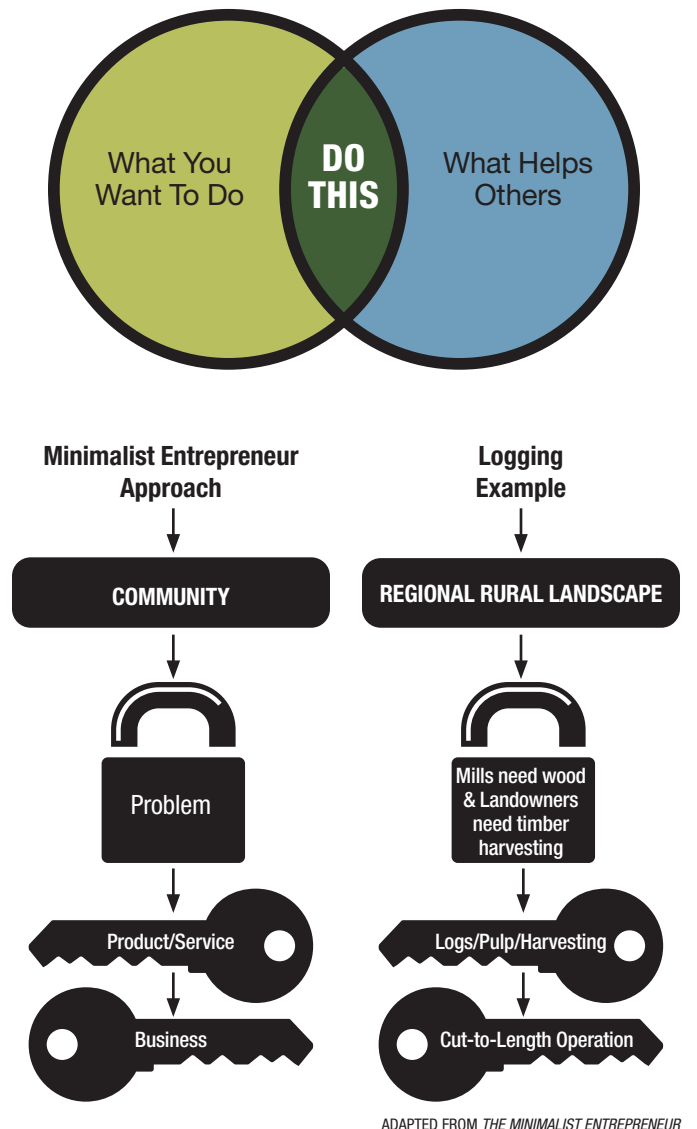
Sahil builds on his idea of community in his discussion of sales and marketing. “Marketing is not about making headlines, but making fans,” he writes.

Many forest-based small businesses find the idea of sales distasteful, feeling like their work speaks for itself. Perhaps it should, but it’s often necessary for the owner to speak for it instead. As Sahil points out, sales are essential, not sleazy. Speaking for your work might be a matter of sharing photos,

cultivating positive references, and having demonstration work sites available for visit by potential customers. These sales methods have more substance than custom hats, stylish art on truck doors, signs nailed to power poles and empty words.

“The faster the feedback loop you have with your customers, the faster you’ll get to a solution they will pay for” writes Sahil. If both marketing and production are continuous processes, feedback loops from customers are essential. Sahil goes on to note that the fastest feedback loop is the one you have with yourself as the owner of the business.

Working in the woods, there is plenty of feedback available, as long as you are willing to listen to it and then act on it. Landowners tell foresters what they want and don’t want (hopefully before it is too late to do anything about it). Foresters give loggers lots of feedback (though some are more tactful than others). Being responsive to this feedback often determines future work or sales opportunities. Acting on feedback in a way that improves operations or the results of production can be instrumental in the growth of a business.



ADAPTED FROM *THE MINIMALIST ENTREPRENEUR*



The Right People at the Right Pace

Sahil suggests having the “right people at the right pace and keeping them happy and productive in the face of a never-ending barrage of lucrative and glamorous offers for their talent.” While the workforce in the forest products supply chain might not be showered with glamorous offers, many of the people in it have other work options. Often these options come with more money, more pleasant or convenient daily work conditions, or both. Few conversations among small business owners don’t touch on workforce issues. Keeping the right people working at the right pace is clearly important to keeping things running.

Sahil points out that clarity about expectations and company values is particularly important, especially for entry level workers. New workers often come knowing nothing of the standard work practices, such as showing up every day, that earlier generations take for granted. Everyone needs to have a common understanding of when, how and where you work,

along with who you work with and for.

Sahil has two other important thoughts on dealing with employees. The first is transparency. In his company everyone knows how much everyone else is paid. Some may feel this causes more problems than it solves. He believes it results in fewer questions and misconceptions.

The second point is about employee satisfaction. When people leave jobs, the majority of them cite a lack of appreciation as one of their reasons. Many employers interpret a lack of complaints as a sign of contentment. This sometimes means they don’t take the time to show their appreciation of employees. Appreciative words cost nothing and more tangible forms of appreciation, like a Friday afternoon off or a small bonus cost little in the big scheme of things.

Ikigai

In the book’s last chapter, Sahil explains the Japanese concept of ikigai – the intersections of what you love, what the world needs, what you can be paid for and what you are good at. This is where you are best positioned to improve the world. Sahil says that in this role, you can both live in the present and work toward a better future. A terrific way to spend a working life.

This article is just a small helping of what The Minimalist Entrepreneur has to offer. With few forest business books to choose from, professional development in the forest business world requires looking to outside resources. Sahil Lavingia’s book is new, it’s timely and it is relatable to small businesses in the forest products supply chain.

Interested in more? See sidebars for a more entrepreneurial opportunities.

Steve Bick is a polymath forester and Director of the Vermont Forest Business School

Free Forest Business Startup Short Course

Thinking of going into business for yourself? The Vermont Forest Business School will be offering a week-long boot camp for forest business startups in April of this year, thanks to a grant from the Farm Credit East AgEnhancement program. This free program will help you explore legal structures and financing, write a business plan and understand concepts like being a minimalist entrepreneur. This program is well-suited for logging, forestry and sawmill employees who are ready to make the jump and start their own business but aren’t sure how to go about it. Early-stage small business owners are welcome as well. The exact date and location of the program will be determined by the level of interest. Remote options are a possibility. Contact Steve Bick at steve@northeastforests.com for more information on this program.