Start-up advisors: blah-blah or ah-ha?

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As a start-up founder, you will receive a lot of advice, good and bad, solicited and unsolicited, from professionals to your neighbor. You will meet and even be courted by coaches, mentors, consultants, advisors. While it is good to feel supported, and the right advice at the right time may save your business, considering the wrong advice can lead you astray. Your time is scarce. Spend it with advisors that matter and add value. And make sure you are ready to listen when you do.

Are you coachable?

Translating a scientific discovery into a viable business is a long and complex process that requires a lot of different expertise and skills. You know you cannot figure everything out on your own and, as soon as your intellectual property is secured, you will have to start speaking with many people to get feedback on your project and validate your development and business assumptions. Depending on your project, you may want to talk to investors, healthcare professionals, or other potential users of your technology, future customers, patients (or patient representatives), and payers for example.

Box 1: Key principles when receiving advice

– Listen proactively
– Varied opinions are okay
– Negative opinions are okay
– Consider cognitive biases – yours and your advisors'
– There is no one "good advisor" (like a "good friend"; not all are the same)
– You are responsible for the coordination of the advisors
– You have to choose the right mix of advisors for your specific project, your specific needs, and your personality
– You are in charge and you call the shots eventually

Most importantly, you have to be ready to listen to feedback, evaluate all the input that you receive, and take the relevant actions. And no, you cannot say that "nobody understands the potential of your project": either they have a different view on its potential or you do not explain your project well enough. Do not seek out only people who will give you positive feedback and pat you on the back. Seek input from stakeholders outside of your ecosystem, and potentially from people who could be "hostile" towards your product. Do not expect people to cheer for you. Instead, ask advisors you trust specific questions. Make sure you only ask if you are willing to listen to their answer, even if they do not confirm your opinion.

How to recognize a good advisor

To state the obvious, a good advisor has relevant experience. This can come in different forms. The first type has "been there themselves": they have been successful – or not so successful – founders. They are open to sharing what worked for them and what did not. Keep in mind that an ex-founder may only have deep experience from their company and may lack breadth. Breadth is what you get from the second type: they "have seen many", preferably in the same ecosystem. They can alert you to classical mistakes and are skilled at recognizing helpful and harmful patterns. The third type has "been on the other side", in investment or the industry. They are often good consultants for a specific phase of your venture, as long as they understand your ecosystem. Ideally, you will find advisors with varied experience, who can combine breadth and depth of experience or coordinate a group of advisors who, as a group, cover this relevant expertise and experience.

Relevant experience is a prerequisite, but not sufficient to make someone a good advisor. There needs to be a good personal connection, with bilateral trust and respect. Good advisors are keen listeners, genuinely curious, empathic, and humble. They do not paternalistically impose their own vision and they know and own their limits. They can get overconfident people to reflect and help doubtful people gain confidence.

Good advisors have a broad network that they are willing to share with you. They accept that other advisors may have different opinions from theirs and are not threatened by this. They may have strong opinions on certain things and are willing to be wrong. Often they come recommended by other entrepreneurs who have been advised by them, or by other people in their network. Ideally, a good advisor has some skin in the game, some reason to genuinely care if your enterprise succeeds, but enough independence to be willing to make you uncomfortable for the good of the company. They may be difficult to find and they may not be free. Some are well worth their money and there is no reason not to compensate them for their work. Do not offer board seats or equity without careful consideration, though, and beware of predatory advisors offering you the world in exchange for a part of your company, but who will never deliver on their promises.

Box 2: How to recognize good advice

It is obviously impossible to tell upfront what is good or bad advice. You may know later or you may never know (you do not have a control group). But there is advice you can feel more comfortable with:

- It comes from a trusted advisor with a solid track record. Some general alignment among trusted advisors is good. Do not pick out one idea that goes against the flow just because it does or because it pleases you more. A "rebel" advisor may not have your best interests at heart but may be focused on self-marketing.
- It is straightforward, with a clear take-home message. It is not drowning in copious advice on all dimensions of your project.
- It is tailored to your situation.
- It is justified well and consequences and collateral damage are well-considered, it is not just business platitudes.
- It irks you, as it may well be negative or pessimistic, if well justified.
- Yet, even if it irks you, it somehow feels right. You do not have the feeling it runs counter to your personality, your values, and the reason you and your team started the project, your vision. If it does, it warrants a closer look before you consider acting on it.

How to recognize a bad advisor

Some advisors are not worth your time, even when they are free. Some are not worth the compensation they are asking for. Beware of anyone that comes across as needy or pushy, asking for meetings without a clear goal. Figure out what is in it for them – do they depend on your mandate? They may push you towards the entrepreneurial path simply to secure a mandate, even if there are issues in your project that would first need to be addressed.

Bad advisors serve their own interests first. They may use you for their own marketing, for example by over-communicating that they are your advisors or introducing you to a network from which you will not benefit (e.g. people interested in the start-up hype, but without means to support you). They may overpromise and not deliver, for example by saying they "know a lot of investors", and will open doors for you, but nothing concrete ever happens. As mentioned above, predatory advisors may have exaggerated expectations regarding compensation, such as being on your board or becoming a co-founder or CEO. Such "free" advice may be much too costly.

How your advisor may be biased

We all have biases; even if we genuinely want to help and think we are being objective and neutral. It is important to be aware of these biases to be able to flag them when they are relevant.

An advisor may focus on what they know best, not on what your start-up needs most. While of course it is good to receive advice on their area of expertise, beware of going into too much depth when this is not a current need, e.g. very elaborate financial planning at an early stage because the advisor has expertise there. This will steal your time and tempt you to focus on the wrong things.

Generalizing their experience is another risk that your advisors may fall prey to. Just because they made a certain choice and it led to the desired outcome does not mean you should go down the same path. Good advice may result in your doing something completely different. Also, what worked in the past may not work today. Be aware of recall bias – none of us remembers things accurately. Your advisor's current ease and confidence may be clouding their memory of how hard they struggled in the past.

Is your advisor "just like you"? They may empathize with your situation so much that they take your side rather than raising uncomfortable issues (such as that your project may not be worth pursuing). Diversity is key if you want to be challenged, not just patted on the back.

How to shine a light on your own biases

Beware of your own confirmation bias, where you only take in advice that confirms what you think. You may even continue asking advice on the same question until you get the opinion that you had in mind. You may also favor advice that suggests you do something that you enjoy (e.g. working on the corporate identity) or that flatters your ego (e.g. giving interviews), but that may be neither urgent nor important. In turn, you may avoid "difficult" advice, where following it would require you to challenge the status quo (e.g. pivoting, changing your team, etc.).

How much you like your advisor should not factor into how seriously you take it. Try to differentiate the advice from the advisor. Remember that the value of feedback does not depend on context – a spontaneous comment over coffee at a conference may be worth more than structured feedback after a pitching competition – or vice versa. You too may suffer from recall bias. You may remember any helpful advice you received as your own conclusion. Your success is built on the contribution of many. Stay humble, stay grateful, and pay it forward.

The choice is yours

Your advisors will not provide solutions for you and no one can tell you if your endeavor will succeed. It is your job to take in their advice, to digest it, and then to act upon it.

Box 3: Coaching, mentoring, consulting, and training

Coaching aims to unlock or maximize existing potential, by asking the right questions that will initiate self-reflection and result in change and concrete actions by the coachee. The goal is for the coachee to find solutions and overcome obstacles to achieve a future vision. It is adapted to the coachee and their project.

Mentoring makes available the experience and knowledge of the mentor (e.g. how to successfully replicate what they have achieved themselves), offering guidance. It is specific to the mentor, usually not very specific to the mentee or project.

Consulting offers professional or technical information and advice to solve a problem (analyze and assess situation and make recommendations). It is tailored to the project, but usually not to the consultee.

Teaching/training provides information to help the student develop knowledge (teaching) or skills (training). Integration and application are left to the student. Delivery is usually not tailored to the student.

You will receive different and sometimes contradictory input. That is normal. If an answer were obvious, you would have found it yourself. You will have to ignore some advice. Do not let this paralyze you. You neither have to please everyone nor do you need certainty. There is none. Do not ask too many people about too many topics. And only ask if you are ready to listen.

A suggestion from close advisors may be worth investigating, even if you doubt you will follow it. You are responsible for maintaining the relationship with them, so show humility and consideration, and then do what you think is best for your company. Show gratitude for the advice you follow, as well as for that which you disregard. Some advice you ignore will turn out to be correct and the advisors may remind you. You need to be comfortable with this uncertainty and making mistakes. It is your role as a leader to make timely decisions. You are the one who is putting most time, energy, and resources into the project. You carry the risk, you call the shots.

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