Company of One Summary

By Paul Jarvis

Are you thinking about growing a business? How do you plan to scale? Ideas about scale are common questions that startups face, and the smart solution might be to stay small.

Company of One, turns the conventional growth metric on its head. Growth is usually one of the most important predictors and measures of success. However, smaller is often better, and deliberately staying small can be a more durable, profitable, and meaningful approach to running a business.

Paul Jarvis left his corporate job when he realized that the high-pressure corporate climb was not his idea of success. He now works for himself out of his home, and finds time for a morning surf. By doing "less," he can lead a *more* rewarding and productive life. So, if you value wellbeing *and* want to create a profitable, resilient business, then this book is for you.

Company of One presents a counterintuitive business philosophy: stay small and question "blind growth." Jarvis offers a refreshing and practical guide, that explains how we can set up a profitable small-scale business, bringing in enough revenue and providing you with enough free time and independence. The model is simple. You need to stay small, define growth, and keep learning.

We'll briefly explore why we should question growth, how Jarvis defines a "company of one," and his advice on starting and staying small as an end goal.

The Downside of Growth

Not all growth is beneficial, and some growth can harm your business's resilience and autonomy.

The problem is that the current business paradigm, typically teaches us that to make a lot of money or achieve lasting success, we need to scale. It's the idea that bigger is better. We believe that a larger company is less prone to fail, which is why many people and companies make growth their sole purpose.

The urge to grow, also stems from the fact that it's then easier to throw *more* at any pop-up problem. Want more customers? Hire more employees. Need more revenue? Spend more. More support requests? Build a bigger support team. However, the downside of excessive growth is that companies have to deal with what Danielle LaPorte calls, the "beast of growth." We put in place complicated systems to try to handle exponential volume and scale.

Growth can mean more resources to manage, more complex systems to monitor, which demands more resources, so the cycle continues. Startups are particularly vulnerable to the beast of growth, given the uncertain conditions within which they operate. If they blindly expand in anticipation that revenue, will eventually exceed expenditure, they're likely to fail. A study done by the Startup Genome Project, analyzed more than 3200 high-growth tech startups, and found that 74% of those businesses failed. This failure wasn't because of competition or bad business, but because they scaled too quickly.

So what if staying small, isn't just a means to an end, but the actual end goal itself? Staying small could increase the likelihood of creating a sustainable, profitable business *and* allow us to enjoy the life we choose to live. Most businesses set ever-escalating growth targets, whereas companies of one set firm growth limits.

A Company of One Stays Small on Purpose

The point of being a company of one, is to become better, not bigger. During an August morning surf, Jarvis's accountant friend turned to him and said that, he just made "enough" to take the rest of the year off and pursue his love for rock climbing. He knew the amount of wealth he needed to live comfortably, had reached that, and didn't feel the need to accumulate *more*. Hence, his friend didn't want to grow his accounting business any bigger, manage *more* employees, and rent *more* office space. His focus on his business was to be better, not grow bigger.

What if we can get better at our business, in ways that don't include the typical growth channels?

A Company of One is Different from Small Businesses and Freelancing

Contrary to what you might deduce from the book's title, a company of one isn't a description of a small business, nor is it describing freelancing.

Even though a company of one *can* be a small business owner, a freelancer, or a small group of founders, the distinction between these is essential. A small business may want to seek out growth; for them, bigger is better. However, a company of one decides against expansion, specifically when the cost of growth outweighs the benefits. In terms of freelancers, time is money—they earn money only while they work. A company of one typically aims for an ongoing money-stream from their products and services, which means that they have a passive income.

A company of one is a mindset and model that anyone can use, from a small business owner to a big corporate. It's a blueprint on how to stay lean and agile, so that your business can weather every type of economic climate and allow you to lead a more enjoyable and meaningful life.

Jarvis adopted this approach and gained critical insights along the way. When he dropped out of computer science, he joined a website design company. He eventually became unhappy and disenchanted with their "love 'em and leave 'em" attitude towards customers. He also disapproved of their quantity, not quality approach to client relationships. Jarvis realized this kind of work wasn't for him, and wanted to find something that he felt more aligned with. He thought he would try working for himself. This led him to delve into books and to figure out how to start a business of his own.

Let's explore this counterintuitive advice, on why this model can help your wallet and your overall work enjoyment.

Start Small

When starting out, we tend to focus on unnecessary things, such as office space, websites, business cards, computers, and scaling. Jarvis insists that we add expenses or bigger ideas later—once revenue is flowing in. 'If your idea requires a lot of money, time, or resources to start,' he warns, 'you're probably thinking too big too soon. Scale it down to what can be done right now, on the cheap and fast, and then iterate upon.'

The traditional way of establishing a business, is to start by getting an investment, from a bank, a wealthy relative, or a venture capitalist. Once we've secured capital, we then work hard for a long time to create the *perfect* product. Perfection has its drawbacks. Hence, we make untested assumptions about the market, our position, and our customers, all before launching. So, we tend to spend a lot of money before seeing any results.

Company of one poses the opposite challenge: launch your business without any investment, and in as short a time as possible. For example, when the author started his first online course, his initial idea was to run it over thirty lessons. Doing this would have taken him four to six months to create. He also wanted to develop new software to support the course, which would take another four to six months of work.

Jarvis resisted the urge to spend all this time writing lessons and coding new software, and instead, started with only seven lessons and used existing technology. This way, he could launch in a month, instead of taking up to a year. His quick launch enabled him to see how an actual audience would feel about what worked and what didn't. He was able to adjust, iterate, and improve, based on the feedback he received from *paying* customers. By the end of his sixth version, the course generated enough money to sustain his expenses and lifestyle at that time.

Before you Quit Your Day Job, Develop a Marketable Skill

Companies of one are becoming increasingly popular, because people want more control and autonomy over their lives, especially in their careers. However, competence precedes autonomy, and having complete control but no clue as to what you're doing, is a recipe for disaster.

So, before you quit your day job, master a marketable skill set.

Take the case of Tom Fishburne. To make a good living as a cartoonist seems a bit far-fetched. But in Fishburne's case: he sketched his path to the top, and now runs the definitive example of a company of one, called Marketoonist. Fishburne quit his high-flying corporate job, and opted to draw cartoons for a living. This turned out to be his best career move — both emotionally and, surprisingly, financially. Since quitting, Fishburne made two to three times more income as a cartoonist in the seven years, than when he was an executive. He works from home and enjoys a healthy dose of work-life balance.

Make no mistake, Fishburne's success is less a question of luck, and more a case of careful consideration. He's a Harvard graduate who holds an MBA, and has worked in a marketing firm for over 20 years. He's been drawing cartoons since early childhood. He started drawing for fun and sketched as a side gig during college years, submitting cartoons to the campus newspaper. He drew on weekends and evenings during his working years, and found that the people were eager to pay him for his efforts. It was only when he built up a roster of clients and sufficient savings, that he went onto make his hobby a full-time career.

Basically, you have to hone your skill before you can expect to achieve autonomy from using it.

Staying Small Is the End Goal

When it comes to growth, when is enough, *enough?* The idea is that we need to be better, not bigger.

Let's consider the case of Sean D'Souza. He decided that $500,000 a year profit was all he wanted to earn, and that his business shouldn't exceed it. He runs a company called Psychotactics, a consultancy that teaches other businesses the psychology of why their customers buy (or don't buy). He makes money through his website, and through in-person training workshops. D'Souza's goal of achieving a target profit and not exceeding it, comes from shaping his business around his idea of an optimal life. He takes three months of vacation each year. He starts work at 4 am in his small office in his garden, because an early start allows him to fit in long walks and coffee breaks.

Most importantly, instead of increasing profits or outdoing his competition, he focuses on creating better products and services to benefit his customers. D'Souza feels that businesses often forget about the current audience: the people who are engaging and buying. He focuses on serving existing customers, not on infinite growth. He sometimes goes as far as sending customers a box of chocolates with a handwritten note or a small cartoon drawing — a $20 cost that often results in a customer purchasing a $2000 training program.

Being a small business caters to this competitive advantage.

Debunk the Myth that Being Self-Employed is the Answer

Remember working for ourselves means we're the boss. There's no HR department to handle payroll, or an accounting department to manage the finances and debtors, and there's no sales or marketing team to run up new business leads.

We tend to fall in love with the 'idea' of working for ourselves but lack the understanding of the actual day-to-day work required to be the boss. Austin Kleon notes that, 'everybody wants the noun, without *doing* the verb.' The job title, business card, and website are appealing, but we overlook the daily rigors of running a business independently.

So we all need to develop a Northstar. What will drive us in the long-term? And be careful here, because the desire to get rich or famous, isn't a long-term sustainable goal. We need to dig deep. What work do we want to do for ourselves and continuously improve upon? What will drive us to keep going when things get rough, or take longer than we'd hoped? For Jarvis, It's the freedom of choice. He can choose to make less money by saying no to a project or customer, that he doesn't think is a good fit for him. He can close for three months and go on a road trip. He can pick work rather than have work handed down to him. Even though there are rough patches, his purpose, freedom of choice, ultimately drives him.

In Conclusion

Company of One, reminds us that all businesses involve choices, about the life we want outside of them. The overarching suggestion is that we become more discerning about staying small, and that we resist the urge to grow at all costs.

So if we choose to work in a fast-paced corporate world, then accept this might come with little room for much else in life. Or, if we want to work in a growth-focused venture capital world, then we have to know that we will be beholden to both investors and customers— each with their own vastly different demands. One choice isn't better than the other; they're all just choices.

In this book, the choice Jarvis offers us, is to stay attentive to consequences that are tied to growth, and question their worth before taking them.

So what does a healthy work-life balance look like to you? How can you adhere to simplicity, develop a marketable skill, and create a unique offering with excellent customer service? In other words, how can your business work for you, instead of the other way around?