**Five Indicators that you’ve Found a Great Startup Adviser**

Unfortunately, almost everyone with some business experience considers themselves to be a great adviser. Because new entrepreneurs don’t yet know what they don’t know, anyone who seems confident, drops a few names and uses business lingo looks like the tip of an iceberg of sage startup advice. A great adviser can literally be the difference between a big exit and no exit at all but they are hard to find especially startup advisers. Most seasoned corporate executives wouldn’t know where to begin with a startup. I’ve met successful venture capitalists with Ivy League MBA’s managing large funds that obviously didn’t have a clue how to create a business from scratch. Their ability to analyze projections and predict how more capital will accelerate a proven business model is a very different skill from building that model from nothing but unproven assumptions.

I’ve had my share of would-be advisers and heard a lot of horror stories from entrepreneurs regarding their entanglement with no-value-added coaches. It’s really hard to find a particular expert when you may not yet even know what kind of advice you need. So, here are some indicators that hopefully will help to guide you in finding the real deal.

**1. A great startup adviser is going to need and want to get his or her hands dirty**.

Serially successful entrepreneurs have a serious hands-on mentality. They are doers and not just talkers. They typically jump in head first, thrash about and then assess what they’ve learned. Although generic business advice can be dispensed in the comfort of your home or office the real startup epiphanies come from the field talking to potential customers, partners, subject matter experts, etc. Any startup adviser worth his or her salt is going to want to get you out of the office and collecting these data points a quickly as possible. The most valuable thing a great startup adviser is going to help you focus on is validating your business model assumptions. There are a lot of unknowns that can make or break you and at least one major pivot is always in your most probable future. Successful entrepreneurs are typically great at sales and messaging so when your adviser asks you to hand over your pitch deck for surgery it’s a good sign. But then don’t be surprised if he or she is unusually quiet during sales presentations and just sits listening and taking notes. A great adviser will make you present and do most of the talking so that he or she can evaluate and coach you properly. They know that molding you into an awesome presenter is far more important than making any one sale.

**2. A great startup adviser is going to be OK with merit based compensation.**

Beware of the growing host of “advisers” who literally prey on promising startups by offering future advice, introductions and services in exchange for upfront equity now. This almost never ends well. A serially successful entrepreneur should have already made lots of cash from multiple exits. They are going to value their time more than their money. They are only going to invest time in coachable teams where they are certain that they can help those founders seriously move their needle. They are going to be fine with no compensation or compensation that is merit based like stock options that vest over time. Successful entrepreneurs are all about real value creation and they will not want to take any compensation from you unless it was earned over time in exchange for real value they helped to create. So when cash or equity is demanded upfront you should see a big red flag.

**3. A great startup adviser is going to have lots of great references.**

I know this goes without saying but the real point here is that you won’t know if the references are great unless you ask for them and check them out personally. The best predictor of future performance is always past performance so no matter whether you are recruiting an employee, board member or startup adviser, detailed reference checking due diligence is a must. Try to check some references that you were not provided by the potential adviser. Have a list of questions in hand like, “On a scale of one to ten how would you rate this adviser?” Why not a ten? How much time did he or she spend with you? Tell me something you did very differently because of your adviser’s influence? A lot of first time entrepreneurs don’t really have the ability to determine if an adviser is good or not because they’ve not had others to compare. It is also important to find out how recent your adviser candidate’s experience is. I know guys who sold their company back in the nineties and have not worked a day since. They also think that nothing much has changed since then. In fact, everything has changed especially in the areas of technology and marketing. Just because someone had a nice exit decades ago does not necessarily mean that he or she is current or willing to put in the effort required to be a great adviser.

**4. A great startup adviser is going to get you to make the decisions**.

Some advisers view themselves as the source of all wisdom and actually take offence when entrepreneurs disagree with their counsel or choose to go a different direction. A great adviser is going to tell you to trust yourself. They know what it’s like to be in your shoes. You live your startup every single day. You think about it all the time. In a very short while you will have had hundreds of conversations and sat through countless meetings witnessing firsthand the exact moment when a prospect’s eye brow raised or forehead wrinkled. Even a great part time adviser is never living this the way you are. He or she knows that you are the best and most qualified person to make the hard calls in your business. They may challenge your assumptions, ask you to review the metrics again and even tell you a sad story about how they once really screwed up doing something similar but then they will sincerely encourage you to go with your gut. Great startup advisers know better than most that there are many plausible paths to success and that you may not always be able to explain your intuition. Regardless, once you make that call, it is the right call and your adviser will honor it and support that decision.

**5. A great startup adviser is going to want to have real skin in the game**.

Finally, serially successful entrepreneurs turned advisers are very comfortable with *risk* and they understand that *reward* is the natural counter balance to risk. They also tend to have made money that they need to invest so when you need to raise a round they should be first on your list. I believe the best advisers are those with real skin in the game i.e. dollars at risk. Great advisers understand your business and they believe in you and their ability to help keep you out of trouble. Why wouldn’t they want to invest in your business? A purely financial investor just wants to see a good return with as little personal effort as possible but not great startup advisers. They have entrepreneurship in their bones and live for the thrill of the chase. The game is on when dollars have been placed on the table. For a great startup adviser it’s more about wining together than just making a return.

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