

COMPANY OF ONE

Why Staying Small is the
Next Big Thing for Business

'A must-read for any entrepreneur who
prioritizes a rich life over riches'

Cal Newport, bestselling author of
Deep Work

PAUL JARVIS



COMPANY OF ONE

‘Growth has been hacked to simply mean “more”. More revenue, more customers, more employees, more products, more, more, more. That’s a tragically myopic view of growth. Paul Jarvis will help you open your eyes to a broader, wiser definition of growth.

One of learning, one of betterment, one of contentment. There’s never been a more opportune time to launch or run companies that embrace having and being “enough”. The most important ingredient is a new world view. *Company of One* can give you just that’

David Heinemeier Hansson, creator of Ruby on Rails
and founder of Basecamp

‘Your business can thrive with less! *Company of One* is a riveting, lucidly written guide to run a successful minimalist business’

Joshua Fields Millburn, host of *The Minimalists* podcast

‘The default equation of more = better in business isn’t working any more. If you want to build something that matters, make a difference for your family and the world, and actually enjoy what you do, *Company of One* offers the inspiration and step-by-step actions that will change the way you do business, and the way you do life’

Courtney Carver, bestselling author of *Soulful Simplicity*

‘Paul Jarvis beautifully illustrates that “Small is the new big”.

It’s true. It’s not about how many employees you have (or how many customers you serve). It is about “who” you are working with. This is a revolutionary idea for our times: build your business based on *your* values. There’s nothing small about that. This book is a treasure’

Mitch Joel, founder, Six Pixels Group, and author of *Six Pixels of Separation* and *Ctrl Alt Delete*

‘Ever since starting MailChimp eighteen years ago, I’ve always been told that my way was wrong. My way has never been to “be big”. My way was always to “be useful”. My company has become a global brand with millions of customers, over \$525 million in annual revenue and almost 1,000 employees united by a single mission to empower companies of one. Go figure. There’s not one, right way. Only your way. Paul’s book can help you find your way’ Ben Chestnut, CEO and founder of MailChimp

‘*Company of One* will give you invaluable insights to focus on the purposeful, interesting and impactful work you *actually* love doing, right alongside permission to stop blindly chasing growth by defining success on your own terms. This book is great for freelancers, side-hustlers and small-business owners who are looking to bring autonomy, self-reliance and creativity to their work without becoming total workaholics’ Kathleen Shannon and Emily Thompson, authors/hosts of *Being Boss*

‘Paul Jarvis is the savviest sole proprietor I know. This book is a permission slip to reject tired corporate business advice in favour of a smaller, slower, more personal approach. Amen’

Jocelyn K. Gleib, host of *Hurry Slowly*

‘A bright, useful entry in the small-is-beautiful genre’ *Kirkus Reviews*

‘You are not alone with *Company of One*. If, like so many others, you’re setting out to take on the world by yourself, then welcome to the best company there is, your own’

Sam Conniff Allende, author of *Be More Pirate*

‘*Company of One* is the next frontier for less is more’

Richard Koch, bestselling author of *The 80/20 Principle* and *Simplify*

ABOUT THE AUTHOR

Beginning as a corporate web designer and internet consultant, Paul Jarvis first spent years working with top professional athletes like Warren Sapp, Steve Nash and Shaquille O’Neal with their online presence, and with large companies like Yahoo, Microsoft, Mercedes-Benz and Warner Music. He then migrated to working with online entrepreneurs such as Marie Forleo, Danielle LaPorte and Kris Carr to help build their online brands.

These days, Paul Jarvis spends his time writing, creating software, podcasting and teaching online courses with his own company of one, which is called Mighty Small Ventures. His writing and ideas have been featured around the internet in places like *Wired*, *Fast Company*, *USA Today*, *Vice News*, and by MailChimp and Adobe.

When not working, Paul enjoys gardening, driving fast cars, sarcasm and hiking. He lives on an island off the coast of British Columbia with his wife Lisa.

Paul writes a weekly newsletter called *The Sunday Dispatches*, where he shares his latest writing and ideas. It’s free and you can sign up at www.pjrvs.com/signup/. You can also find him on Twitter @pjrvs.

To learn more about how to start your own company of one, join the Co1 community, listen to the Companies of One podcast, and get other free resources related to the book, visit the website: www.ofone.co.

Company *of* ONE

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BIG THING FOR BUSINESS

Paul Jarvis



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For Luna

There's no such thing as perpetual growth. Yet that's what traditional business people crave. But what is growth meant to achieve? If Oxford University is so successful, then why isn't there a branch in Washington, D.C.? If a symphony is successful with 120 musicians, why not even more so with 600? "To grow bigger" is not much of an effective business strategy at all.

— RICARDO SEMLER, CEO OF SEMCO PARTNERS

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Prologue

On February 28, 2010 — the final day of the Winter Olympics in Vancouver — I found myself driving a tiny cube-van with my wife, Lisa, heading to a ferry terminal. We had just closed on the sale of our condo, a small glass box in the sky located right in the heart of downtown Vancouver. We had also sold or donated almost all of our possessions, and we were moving to a town in the middle of nowhere, literally at the end of the road on Vancouver Island.

Our new town — Tofino — was proudly billed as “life on the edge.” As in truly the edge of nowhere. This island is the setting for the reality TV show *Alone*, where the actors grapple with living and surviving in complete isolation; it’s filmed a few hours north of town. Fewer than 2,000 people live in Tofino — mostly surfers, old draft dodgers, and other assorted hippies who are still very happy living in the twentieth century.

At the time — before, after, and even during the move — I was working entirely online as a designer and online business consultant to everyone from Mercedes-Benz to Microsoft to Marie Forleo. My work and life depended on being hyperconnected. But now I was trading all of that for a town with zero other people involved in tech and, even worse, a really awful internet connection.

In short, for someone like myself who was coming from the

tech world, this move was going to be a *bit* of a massive adjustment.

The main reason I was hell-bent on leaving civilization was that I had simply had enough of “business as usual” city life and the constant push from others to grow my successful business into something bigger. My wife, Lisa, too, was sick of her daily career demands. We were both done with the constant stimulus and stress of our urban existence — the lights, sounds, and distractions, the constant and incessant “buzzing.” To save our sanity, we made our escape as quickly as we possibly could. And living on Vancouver Island seemed like the perfect tonic.

Yet we soon learned that living in the woods on an island does something funny — it forces you to go deep within your own thoughts. There’s not a whole lot else you can do, especially if you don’t have a television or even Netflix. And at first, exploring your own thoughts is one of the scariest things in the world. (A study at the University of Virginia by Timothy Wilson found that people would rather get electric shocks than simply be alone with their thoughts.) But then again, if you sit with your thoughts for a while, they can reveal some mind-set-changing ideas.

But scaling down wasn’t just a plan for getting rid of our physical belongings; it was also a plan for achieving mental clarity. In creating a personal life that was bare of all but the essentials, parallels to my work started to become evident — what was truly necessary and what wasn’t. By decluttering my thoughts (creating an “inbox zero” for my brain, if you will), I was able to look at my day-to-day business much more clearly because the distractions were now gone. I hadn’t been able to clearly express my reasons for the way I had been working until that moment.

This clarity highlighted something I had unconsciously been doing for nearly twenty years, even before going out on my own, and that was building a business full of resilience, driven by a desire for autonomy and, on most days, enjoyment. In other words,

by scaling down every aspect of my life, I realized this was how I had successfully built my business all along. I had benefited immensely by resisting the typical avenues of growth and business expansion. (Hey, I was able to move to the woods on an island.) And now, for the very first time, I understood why.

I had been building a company of one.

INTRODUCING A COMPANY OF ONE

At first, I felt alone in my assumption that more isn't always better. But then, during the writing of this book, I found that there is an amassing army of others who feel very much the same, and whose business decisions are backed up with growing research and studies. It turns out that some of the most successful brand-name companies and individuals are companies of one at heart.

Living in Tofino gave me the opportunity to take up a daily ritual of going for a morning surf. One day I was out in the lineup (the place just in front of the breaking waves where surfers wait to catch rides) with my accountant friend. We were sitting out there, waiting for the next decent wave, and he turned to me and said, "I'm stoked! I've just about made enough to take the rest of the year off to go rock climbing." It was August. Puzzled by what he said, I missed the next few waves that rolled by. Once he paddled back to the lineup, where I still was, he explained that he had calculated what he needed to make in profit in order to cover his cost of living and put a decent amount of money into investments. He had figured out the amount of wealth he needed to be comfortable and didn't feel the need to accumulate more.

Past that, he didn't need any more money — so he'd stop working when he hit his "enough" amount and travel for the rest of the year. He didn't want to grow his accounting business into a bigger company with employees and offices in every city. If he did, his "enough" number would also grow, from having to manage more

employees and a bigger business. He wouldn't be able to spend as much time rock climbing (or surfing). His focus in his business was being better, not growing bigger. I quickly began to realize that I had adopted a similar mind-set: I knew what I needed to make to cover my business and my life, so I could decide to slow down when I reached "enough" as well.

It's assumed that hard work and smart thinking always result in business growth. But the opposite is often true: not all growth is beneficial, and some growth can actually reduce your resilience and your autonomy. Just as I learned new skills in self-sufficiency that were far outside my realm of knowledge, companies of one can do the same. Indeed, they'll need to in order to stand out and thrive.

In truth, embracing growth appears to be the easier route more often than not, since it's easier to throw "more" at any problem that might pop up. Want more customers? *Hire more employees.* Need more revenue? *Spend more.* Fielding more support requests? *Build a bigger support team.* But scaling up might not be the best or smartest solution to the basic problem. As a means to generating higher profits, what if you acquired more customers simply by creating more efficiency, so you didn't have to hire more people? What if you generated more revenue by finding a way to spend less (again, for higher profits)? What if you responded to the growth in support requests by finding a better way to teach your customers how to use what you sell, so they didn't have to ask questions as often? What if you didn't have to work more hours to finish a project but just more efficiently, so you could then enjoy more of your life away from work?

Growth, in the typical business sense, isn't always a smart strategy if it's followed blindly. Much of the research reported in this book will strongly suggest that blind growth is the main

cause of business problems. It can leave you with an unmanageable number of employees, unsustainable costs, and more work than hours in a day. It can force you to lay off employees, sell your company at a less than optimal price, or, even worse, close up shop completely.

What if you worked instead toward growing smaller, smarter, more efficient, and more resilient?

Staying small doesn't have to be a stepping-stone to something else, or the result of a business failure — rather, it can be an end goal or a smart long-term strategy. The point of being a company of one is to become better in ways that don't incur the typical setbacks of growth. You can scale up revenue, enjoyment, raving fans, focus, autonomy, and experiences while resisting the urge to blindly scale up employee payroll, expenses, and stress levels. This approach builds both a profit buffer for your company to weather markets and a personal buffer to help you thrive even in times of hardship.

The “company of one” approach doesn't apply only to a single-person business — it's a model for using the power of you to be more self-reliant and more responsible for your own career path. Although a company of one can certainly be a small or single-person business, it's unlike most small businesses, whose end game is usually expansion or growth to hit peak profitability. A company of one questions growth and stays small on purpose.

A company of one isn't simply a practicing freelancer either. While freelancing is a perfect first step to becoming a company of one, freelancers are different because they exchange time for money. Whether they're getting paid by the hour or by deliverables, if they're not working, they're not getting paid. All of a freelancer's relationships are one-to-one, meaning that each time paid work occurs, a freelancer has to do something and use his or her time.

In contrast, a company of one is more in line with the tradi-

tional definition of an entrepreneur. If you're utilizing systems, automations, and processes to build a long-term business, you're not trading time for money, but instead operating and profiting outside of the time you spend working and beyond your one-to-one relationships. For example, whether you're creating physical products, selling software, or teaching online courses, customers and users can purchase and consume these products and services without your company of one putting in time for each transaction. While developing products can be time-consuming and iterative, the number of customers can be almost infinite for a company of one, and profit then happens outside of time spent. Where a company of one is concerned, as we'll see in coming chapters, scaling customers and even profit doesn't always require scaling employees or resources exponentially.

A company of one is a collective mind-set and model that can be used by anyone, from a small business owner to a corporate leader, to take ownership and responsibility for what they do to become a valuable asset in any marketplace—in terms of both mental practices and business applications. It's a blueprint for growing a lean and agile business that can survive every type of economic climate, and ultimately it leads to a richer and more meaningful life—no cable-cutting or moving to the woods on an island required.

Just as Michael Pollan's food ideology is summarized in three simple rules—"eat food, not too much, mostly plants"—the "company of one" model can be laid out in a similar fashion: "start small, define growth, and keep learning."

PART I

Begin

Defining a Company of One

IN THE FALL OF 2010, Tom Fishburne quit his seemingly great career as the vice president of marketing at a large consumer foods company. He wanted to draw cartoons. This turned out to be Tom's best career move — both emotionally and, surprisingly, financially.

He wasn't just following his passion on a whim, nor did he become some sort of anti-capitalist hippie. He carefully planned out and executed his decision to ensure, as much as anyone could, that he would thrive.

As a child, Tom was obsessed with drawing cartoons — so much so that he would take his doctor father's prescription pad and draw flip-books on the back.

Then, at Harvard, while working toward his MBA, his friends prompted him to submit cartoons to the campus paper, the *Harbus*, which he did for the rest of the time he was at school. Still, once finished with school, he took a job in the corporate world, because it seemed like the logical next step after receiving a business degree. Tom was also part of the SITCOM demographic (Single Income Two Children Oppressive Mortgage), so he figured he needed a “stable” job. Cartooning remained a hobby, however, and he would share with coworkers his cartoons poking fun at corporate marketing — the very industry he was now part of.

As Tom worked his corporate job and his cartoons were shared by his friends, and then by their friends, and then outside their circle, they started to garner attention. He began taking on side jobs to draw during the evenings and weekends for companies that were eager to pay him. It wasn't until he had a safe runway of such clients lined up, and money saved up, that he pulled the trigger to leave his corporate career and start his own venture.

In the seven years since quitting, Tom has made two to three times more income as a cartoonist than when he was an executive. This didn't happen because he grew an agency, or hired more employees, or expanded to having satellite offices around the globe. His company, Markatoon, is still just he and his wife, along with a few freelancers who work only on isolated projects. Tom and his wife work from home, in a sunny studio in their backyard in Marin County, California, where their two daughters regularly sit and draw cartoons in the afternoon with them.

Traditionally in business, growth has always been seen as a by-product of success. But Tom doesn't care much for how things are supposed to work. He knows the rules of business — he studied at one of the top schools in the world, then put that knowledge to work at a massive corporation. He just wasn't interested in following those conventional rules.

Typically, when a company does well, it hires more people, builds more infrastructure, and works at increasing its bottom line. There's a core assumption that growth is always good, is always unlimited, and is required for success. Anything else is pushed aside as not being a top priority. If Tom had grown his company, even though he has a waiting list of clients wanting to hire him, he'd have less time to draw cartoons (as he'd be too

busy managing cartoonists) and would have far less time with his family in their backyard studio. For Tom, that kind of growth wouldn't be smart or logical. It would go against what he values in his life and in his career.

Consumer culture says the same thing—that more is always better. Through advertising, we're sold a bill of goods that requires us to love the things we buy only until a newer or bigger version is put out for sale. Bigger houses, faster cars, more stuff to pack into our closets, garages, and then, inevitably, our storage lockers. But under this hype, this fetishization of wanting more, are empty promises of happiness and fulfillment that never seem to come to fruition. Sometimes “enough” or even less is all we need, since “more” too often equates to more stress, more problems, and more responsibilities in both life and business.

We can easily run a business with less, although to many people that seems counterintuitive. Tom doesn't have to worry about human resources, rent for office space, salaries, or even the responsibility of managing employees. He hires outside people only when a paying project requires them, and they too have other clients and other work; they can fend for themselves when they're not working on a job for Marketoon.

Tom has been able to create a stable, long-term business that's small enough to handle any economic climate, resilient enough to not have to lean too heavily on a single project or client, and autonomous enough to let him build a life around his work (not the other way around). He's been able to grow his revenue without having to also grow the trappings that typically come with it. He's a brilliant businessperson who gets to spend every day with his family, drawing cartoons, with his daughters, for multinational companies that pay him much more than most illustrators earn.

In short, Tom is the perfect example of a company of one.

A COMPANY OF ONE, DEFINED

A company of one is simply a business that *questions* growth.

A company of one resists and questions some forms of traditional growth, not on principle, but because growth isn't always the most beneficial or financially viable move. It can be a small business owner or a small group of founders. Employees, executive leaders, board members, and corporate leaders who want to work with more autonomy and self-sufficiency can adopt the principles of a company of one as well. In fact, if big businesses want to keep their brightest minds in their employ, they should look to adopt some of the principles of companies of one.

I've personally seen the most success in my life when I've figured out solutions to problems without having to do what traditional businesses do to solve problems—hire more people, throw more money at the problem, or build complex infrastructures to support the extra employees. Basically, I'm not interested in addressing problems by throwing “more” at them. Solving with “more” means more complexity, more costs, more responsibilities, and typically more expenses. More is generally the easiest answer, but not the smartest. I've found both delight and financial benefits in working out solutions to problems without growing. Instead, I and many others enjoy handling problems with the resources currently available. Although it can require a little more ingenuity, solving problems this way can set a business up for long-term stability, since less is needed to keep it afloat.

In October 2016, I wrote a blog post saying I wasn't interested in exponentially growing any company I own or build. I felt like the single red fish in a school of green ones. But then an interesting thing happened: replies started to pour in. People doing all sorts of exciting things in business, from selling fair-trade

caramels to working at the biggest tech companies to manufacturing clothing, emailed me that they felt the same way—they had resisted traditional growth and had benefited from it. As I started to develop my own ideas around this concept of staying small and questioning growth, I continued to discover more and more research, stories, and examples of others doing the same. I found that there's a silent movement to approach business in this way that isn't just for cash-strapped tech startups or people who make just enough to scrape by. This movement includes individuals and businesses making six and seven figures and becoming happier than most businesspeople are with the work they do. The school of red fish is, ironically enough, growing.

THE RISE OF COMPANIES OF ONE

Technically, everyone should be a company of one.

Even at a large corporation, you're essentially the only person who looks out for your own best interests and continued employment. No one else cares about you keeping your job as much as you do. It's your responsibility to define and achieve your own success, even in a larger framework of employment.

It can be harder to be a company of one within a corporation, but it's not impossible. Companies of one within organizations can thrive and even be responsible for massive progress. Over the years these individuals have been credited with everything from inventing Post-it notes to developing Sony's PlayStation.

The word "intrapreneur" points to one example of a company of one within a larger organization. It describes corporate leaders who come up with their own goals and then execute them. They don't need much direction, micromanaging, or oversight, as they've been given full work autonomy. They know what needs doing and they just do it. They're aware of the needs of the company and how their talents fit, and they just get to work.

Where the term “intrapreneur” varies from a company of one is that intrapreneurs are typically responsible for product creation and marketing—that is, creating something new, with the resources of the company behind them. Companies of one within organizations don’t need to be managers or create products—they simply need to find suitable ways to become better and more productive, without more resources or team members. They can certainly be managers or product creators, but that’s not the only definition.

Companies of one within larger corporations have a history of helping large corporations make breakthroughs and dominate markets. Dave Myers, who worked for W. L. Gore and Associates, the company that makes GoreTex fabric, was given “dabble” time to develop new ideas within the company and ultimately came up with the idea to use a kind of coating they were already manufacturing on guitar strings. The result was the best-selling acoustic guitar string brand, Elixir (the strings I use on my guitars—they’re head and shoulders above the competition). Sometimes companies of one happen by accident. Dr. Spencer Silver, a scientist at 3M, was working to create an adhesive for aerospace. In playing with the formula, he created a lighter adhesive that didn’t leave any residue. It wouldn’t work for planes, but it was perfect for paper products, and thus Post-it notes were born.

Some large corporations, like Google, give their employees “personal time” to experiment with ideas outside their typical job roles. Facebook uses “hackathons,” which typically last several days and bring together computer programmers to collaborate on something big in a relatively short amount of time. It was a hackathon that led to the creation of Facebook’s “Like” button, which arguably connects its ecosystem to the rest of the internet.

In a recent study, Vijay Govindarajan, a professor at Dartmouth, found that for every 5,000 employees, at least 250 will

be true innovators and 25 will be innovators and great intrapreneurs (or companies of one) as well.

Many large corporations have companies of one hiding within them. If the skills and passion for innovation and autonomy of these employees are fostered, it can greatly benefit the entire business as a whole. But if they are stifled in their creativeness and freethinking, they tend to move on quickly to other employment or entrepreneurialism. They're rarely motivated solely by money or salaries and lean more toward reinventing their job and role in a way that works best for them.

If you're a company of one, your mind-set is to build your business around *your* life, not the other way around. For me, being a company of one means not having to bother with infinite growth, since that was never the purpose of my working. Instead, I just focus on maximizing work in a way that works for me, which can sometimes mean doing less. Work can be done at a pace that suits my sanity rather than one that supports costly overhead, expenses, or salaries. As much as I enjoy growing my wealth, I also realize that there's a point of diminishing returns if I don't also take care of myself and my well-being.

Society has ingrained in us a very particular idea of what success in business looks like. You work as many hours as possible, and when your business starts to do well, you scale everything up in every direction. To this day, this strategy is considered what it takes to be a success in business—solving problems by adding “more” to the solution. Anyone who stays small, in this line of thinking, hasn't done well enough to add “more” to the mix. But what if we challenge this way of thinking in business? What if staying small is what a company does when it's figured out how to solve problems without adding “more” to them?

Growth, especially blind growth, isn't the best solution to any problem a business might face. And going further, growing your

business might actually be the worst decision you could make for the longevity of your business.

So a company of one is not anti-growth, or anti-revenue, and it's not just a one-person business either (although it certainly can be). It's also not just working with a tech-focused or startup mind-set, although leaning on technology, automation, and the connectedness of the internet definitely makes it easier to be a company of one. A company of one questions growth first, and then resists it if there's a better, smarter way forward.

Next, let's look at the four typical traits of all companies of one: resilience, autonomy, speed, and simplicity.

Resilience

Danielle LaPorte, a best-selling author and self-made entrepreneur, reaches millions of people each month with her message of conscious goal-setting and entrepreneurship and is one of Oprah's (yes, *that* Oprah) "Super Soul 100" leaders. But in the beginning, she was fired by the very CEO she had hired months earlier.

In believing that exponential growth was required for her business (more on this in Chapter 2), she took \$400,000 in funding from private investors with the provision that she had to hire a "*wunderkind* CEO" to run the business. So she incorporated and hired a thought-to-be superstar.

But six months later, the investors and CEO wanted to change the business model, which meant relegating Danielle's role to just a few blog posts a month and substantially decreasing her pay. Note: named after her, the business was a personality-driven brand based on her own unique personality and style.

Once Danielle got over the supreme shock of what happened, which involved a lot of yoga, tears, and good friends, she began to bounce back. She brought on a new team of A-players, created a website within a few weeks, and figured out the fastest way to start making money on her own with a new business that she had