

MATIAS MÄENPÄÄ ANSSI KIVIRANTA

EXIT STORIES

12 UNICORN FOUNDERS SHARE
EVERY DO-OR-DIE DETAIL

TAMMI



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INTRODUCTION

In our entrepreneurial journeys so far, between the two of us we have made three successful exits. After each of these, we found that people – entrepreneurs and otherwise – were very curious. What does an exit mean? How does it happen? How do you arrive at that point? So in 2018, we had the idea of sharing the answers on a larger scale: talking to people who had been through it and learning more about their stories.

It's often said that an exit is like a lottery win, but it's not. There is no such thing as overnight success. In fact, it normally takes around 10 years to build a company sufficiently, which can be seen clearly in our interviews. We published two books in our home country of Finland, covering the most successful local entrepreneurs. Both of these books became bestsellers. At this point, we have interviewed almost 50 entrepreneurs who have made an exit, spending between 200 and 250 hours with them in total.

We believe that our own entrepreneurial paths gave us several advantages in this process. Our perspective was different compared to a journalist, for example, and we found we could help our interviewees hit upon the insights that really made a difference to them. This may explain the success of those earlier books.

Being ambitious – as you should be as an entrepreneur – you should always look ahead: what could the next level up look like?

From our point of view, the next level is the unicorn: a company valued at one billion dollars or more. We have been very curious about the founders of these businesses. Are they doing something different to what we did? Something smarter? Something more difficult?

The road to finding out was way more challenging than our previous books had been. Getting four hours with the founder of a unicorn is incredibly challenging, and we needed to talk to a dozen of them. The process was strongly related to some of the sales struggles you'll read about in the following pages, but we were overjoyed to gain this access in the end and very thankful indeed for the time each of the interviewees contributed.

We were able to ask the right questions in order to provide the material for what we had in mind. But just like in the start-up world, you have to know your strengths and weaknesses, and you have to build the best possible team around you.

That is why we want to thank Ian Fenton for making these interviews come alive as the stories you're about to read.

Having had the unique opportunity to have these discussions, we are also in a good position to share what it is that these unicorn-level entrepreneurs have in common: the shared attributes that appear to be the biggest contributing factors to their success.

Without the need for deeper analysis, it's easy to see that the level of ambition in this group of people is stupendously high. In many cases they have already tried other things in life, and perhaps even failed – they are not first-time founders – but the ceiling that stops others simply doesn't exist for them.

They are super curious. They are, in a way, very optimistic, but at the same time, a dogged instinct possesses them to ask continually:

‘Could this be done better?’ They challenge what they see around them.

They are also very oriented towards customers and sales. From our current point of view, the vast majority of start-up entrepreneurs don’t focus enough on clients. After all, the client pays the bills – and the salaries. Not the investor nor the institution that hands out the grants.

These entrepreneurs, in almost every case, went into the market super early. They were quick to locate clients ready to pay for the solution, but most also experienced so-called ‘death valleys’ where others might have given up.

Depression often reared its head. Money got tight. There is an expression in the start-up world: fail fast. For us at least, that doesn’t mean giving up; it means trying many different things. And if you don’t include the paying client in the equation, you’ll never know.

These founders didn’t consider failure a possibility. Giving up is not in their vocabulary.

Were they lucky? Many think luck is a big factor when making an exit or succeeding with any business. But Micha Kaufman, the founder of Fiverr, said it perfectly: luck is when preparation meets opportunity. If you take one thing from this book, we’d like it to be that.

Was money their main motivation? We believe it was not. These founders wanted to make something big: to make a difference in the world. Money is certainly important, and it’s an excellent gauge of whether you’re doing something important or not. If someone is ready to pay, the value is clearly there. But money shouldn’t be the main motivation. In the stories you’ll read here, it sounds more like a consequence than a reason.

For us, it was fun to see that all 12 of these founders could live multiple extravagant lives with the money they have earned, without doing another day of work, but each of them is super active, curious, and passionate about their new adventures today.

Our goal with this book is to inspire people to challenge themselves and take that extra step further. This doesn't mean that everyone should become an entrepreneur, but we like the word 'entrepreneurial' and the positive connotations it could bring to just about anything.

Challenge yourself, leave your comfort zone, and follow your dreams.

We only live once, so don't have a boring one.

ANSSI KIVIRANTA & MATIAS MÄENPÄÄ

Watch video greetings from the authors and
extra material on the entrepreneurs:
www.exitstories.com





PATRIC FABBENDER

THINKING INSIDE THE BOX

Unsatisfied with his life as an art director at an ad agency, Patric Faßbender quit his job and took time out to dream up something new. The resulting product, the Toniebox, and its accompanying Tonies accessories have given literally millions of children around the world access to the magic of storytelling, without a mobile phone or an iPad in sight. Evidently, it pays to dream big, as the company achieved a hugely successful IPO. For Patric, however, it's still about much more than the numbers.

Patric Faßbender looks back at his childhood with a general fondness, and at first the clues to what may have initiated his entrepreneurial journey are somewhat veiled. But digging in deeper, a sense of freedom and possibility were important qualities that his parents were keen to pass on to each of their children, as well as having a particularly conscientious approach to one's work.

'I have a big family, with two sisters and one brother – I'm the third one in that family. My father was a company employee when he started his career, but very hard-working, a very tough guy, and was really just trying to get enough money to be able to finance a family. So he made a career in that company. We were a typical German middle-class family, I would say, and my parents were driven by the idea that we would go to school and get our high-school degrees, so that we could perhaps get on better than they had when they started their lives and careers. And it went well with all of us.

'I played a lot of football as a kid. I'm a big football fan, so I played in a club in Düsseldorf. Every year I spent several weeks in Holland, because we had a small holiday house by the North Sea. So it was a very happy childhood, and very free, I would say, in the sense that my parents always helped me to do what I wanted to do. They trusted me in a way that helped me to find myself, and they didn't talk about barriers or obstacles. They tried to make it clear to me that I'd be able to do whatever I wanted. That sums up the atmosphere of my childhood. A big family, a lot of communication – sometimes too loud because there were too many people in the flat. But that was the reason I also became a big fan of audio plays.'

Audio plays are a category of media that may not have an exact counterpart in English-speaking territories – somewhere between an audiobook and a radio drama. Their popularity in Germany endured

between generations as the carrier medium changed from broadcast to LPs and cassettes. Later, as we shall see, they also made the transition to CD.

‘I’d put the headphones on just to escape from the loudness of the family and got into audio plays – that was perfect when I was a child. I spent a lot of time listening to famous German audio plays in those days, like “The Three Question Marks” – one of the best-known audio play series in Germany – or “The Famous Five”, which was very popular as well. That may also have been the reason I decided, many years later, to do something related to audio plays, because I have good memories when I think about them.’

Direct entrepreneurial inspiration may have been thin on the ground in Patric’s early years, but in his father’s outlook, and specifically his approach to his work, Patric locates a desire for innovation and improvement that found its way into his own character as a result:

‘When I look at my father as an inspiration, I think the most important thing was that he always tried to make things better than they were before, and he always tried to perform better than the status quo in his company. I used to work on my holidays, for several weeks, in the company where he worked, and I always saw him thinking about ways to optimise his work.

‘So that was very special and completely different to all the other people working in that company. He worked on steel springs, and so he was constantly conceptualising and designing something related to that, and thinking “How can I do it better, faster, and in a smarter way?”

‘That was very impressive for me, because I saw that sometimes he succeeded. It was very cool to see him do something in a smarter way than it had been done previously. Plus I could see that other people in the company never went in this direction – they’d just do things the same way every day, never thinking of how to make things better. So

when I was working there at the age of 15 – just to make some money on my holidays – I realised that there were these two very different attitudes to doing something, and I was very inspired by the way my father was always working and thinking.

‘And he still is, though he’s very ill now. He’s had Parkinson’s for many years, but he’s still optimising everything in his life with fresh eyes, because he never accepts barriers. He always tries to make something better than it is, and that trait may have been more important to me than I realised for many, many years. I think that when I started with Tonies, it came to me that I have something of that in my character too. Not as much as my father, perhaps, but there’s still something of him in there.

‘You could say he had some kind of an entrepreneurial spirit in that way. If he was a 20-year-old now, he would definitely be founding a company. But in the 1960s, as a young father, there was no time to think about founding something – he just had to make money. So he wasn’t lucky enough to live in a time like this, and that was maybe something he missed a little bit. I would say he’d be a perfect founder in the circumstances we live in today.’

At school, however, there were some subtle indicators of Patric’s own leadership potential, highlighted by a particularly insightful teacher comment that he recalls to this day.

‘My mother told me once that one of my teachers had told her “Patric is a silent leader”. I’m not a loud talker, but I was often captain of the football team and things like that. I played midfield, and other people made the goals, but I would support them to help make it happen. Maybe that also falls into the definition of a silent leader. I wasn’t very loud, but I always had a strong opinion. From the outside, I was not very visible, but in the class, in a smaller group, all my buddies saw the strength in my character more easily, because they were in touch with me every day. And I realised that maybe I have some strength, but

maybe I looked more like a shy guy from an external perspective than I really was.’

In terms of where his extracurricular passions were leading him, another family member involved in the comics industry was a key inspiration at an impressionable age. Realising graphic design was something he enjoyed, Patric strove to learn as much as possible and began practising his craft almost right away.

‘My brother-in-law was, and still is, one of the best European letterers – doing typography for comics – and that was something which inspired me a lot. My sister married him and went to live in Amsterdam when I was around 15, and once a month I’d take the train to Amsterdam to visit them. Going from Düsseldorf to Amsterdam was a big step in the mid-’80s, because Amsterdam was a really creative city. Crazy people, totally different, with a lot of bands and music. Düsseldorf was the complete opposite.

‘The whole city impressed me but particularly my brother-in-law, because he was doing art, graphics, illustration, and design. That was the moment when after some days and weeks I realised I wanted to do something like that. I realised very early that I wanted to be a graphic designer or something similar. It was something I was really interested in already at that age, and I started doing lettering and stuff like that as well.

‘The main thing I did in that period was lettering: typography with a pen. It’s really hard work to learn something like that, and I’d correspond by mail with my brother-in-law in Amsterdam once or twice a week – I’d send a handwritten letter to Amsterdam and get some feedback back. So I was working hard on becoming a letterer, because that’s something I was thinking about a lot when I was 15. And within that, you have different projects. Creative guys doing graphic design do fanzines, for example. I started to make posters – mostly for myself, but sometimes also for school or for my classmates. I had a lot of cassettes,

so doing typography for the cassettes by hand was something I was doing by the hundred. Any way I could think of to work more on my lettering skills, I would do it. So I spent a lot of time at home, writing down the ABC in different ways, and so on.'

Having the freedom to pursue his own interests with support and encouragement is not an advantage Patric takes for granted. As well as having the good fortune to be able to look to his brother-in-law as something of a mentor, he sees his position in the family birth order as having also conferred certain benefits.

'I was lucky to have older siblings. My sister is 10 years older than me, and my brother is eight years older. In a sense, I didn't have any problems because my sister and my brother had already worked hard for my freedom, so my parents were very happy with that. The only thing they were interested in was that I was a happy boy. They realised that I was happy in what I was doing, they trusted me, they believed in me, so there was no challenge involved in picking graphic design as a career. It was the opposite: they fully supported me.

'I'm not driven by becoming more successful than my parents were or something like that. It was just that I realised very early that I have to follow my passion. I went on to study graphic design later on, because I was always driven by passion. That's something which makes me happy, and most of the time I was able to live in this direction, for the greater part of my career at least.'

The final piece of the puzzle may have arrived after Patric completed high school and before his further education, in the shape of his time performing compulsory state service. The chance to see the world from the point of view of those in more fragile life circumstances gave Patric some insight into what was truly important in life, an impression that was to stay with him long into adulthood.

'I finished high school at 18, and in Germany in those days you either had to do military or alternative service. So I decided to go to

alternative service for 20 months following school. That might have been one of the most important times in my life, because I was working for a company that supported elderly people living at home, who were not able to go out shopping or just able to do things like go to the shower, for example. They all lived at home, but they needed support at home, and I was working in that field.

‘That was really cool, because it makes you humble and shows you the problems people have out there. You have the chance to listen to people who are much older than you are, and come to respect the time they lived in, and perhaps understand their way of thinking – and sometimes not. It was nice to work in that field, because I realised that there is more to life than just going to university and earning money. It’s about humans, it’s about people – both good and bad. It’s about living together and communicating.

‘That was a very important time for me. I did the service in Düsseldorf, so every day I took my bicycle and went to visit four or five people, from flat to flat, and helped to support them.’

After completing his alternative service, Patric moved to Amsterdam for a year to work for various comic companies in the lettering field. He then began university in Düsseldorf, studying graphic design. But after his brief taste of professional life, there was something somehow lacking about academia.

‘My studies were a little bit boring, to be honest. It was always just going to the university and being there, but I was more driven by working for companies. Düsseldorf is one of the main cities in Germany in terms of advertising agencies, and especially so in the ‘80s and ‘90s. It was just Frankfurt and Düsseldorf – now you also have Hamburg and Berlin, but in those days Düsseldorf was really one of the most important cities in the area.

‘This also means that everyone happens to know people who are working for agencies, and that was also true in my network. So I had

a friend whose father was running an advertising company, and that was my first internship. Then, step-by-step, you establish a network and get more and more jobs. It wasn't so difficult, even if there was no internet to explore who you could work for – just word of mouth.

‘So I started doing internships for some agencies in Düsseldorf, and that went very well, and then I started – alongside university studies – to work doing layouts for different agencies as a freelancer. More and more of my time went into working for the agencies instead of going to university, because it was more fun to work on real projects and for real clients under these circumstances.

‘The university was too theoretical, while I was more driven by the idea of going to the agencies. In 1999, when all the internet companies and agencies were established in Germany, I was fortunate enough to be working for one of them – a company called Planetactive.’

For a budding graphic designer who, up to this point, had been working only with so-called ‘old media’ such as comics and print advertising, Patric felt a palpable excitement in taking part in a completely new area.

‘There were no formal boundaries around whether we were doing design or communication, because it was such a new area. That was really fun – it was so great in those days to work in the design/digital area for a company like Planetactive. We had customers like Amazon, for example, who we were the first agency in Europe to work for. Also for eBay, Lufthansa, Telekom – big brands, and it was really fun.

‘After a few weeks, I got an offer to work for them as a Junior Art Director, and I decided to quit my studies without any diploma and went to the agency full time. Looking back, I don't think it's so important to have a diploma – in all these years, I was never asked about a diploma. It was always more about the work you could show.’

The honeymoon period of Patric's agency career came to an end when Planetactive was acquired by a larger group concern (Ogilvy)

some years later. The experience gave him first-hand knowledge of the difference between working for a founder and for a larger enterprise driven more by shareholder value than passion.

‘The difference between those two types of company is huge. I had learned in Planetactive that if you trust in people and believe in their abilities – like my boss was doing – that’s the best way to let people become stronger. To let them grow and give them the space to do good stuff, and bring them to the point where they are able to make decisions.

‘If you start telling people exactly what to do all the time – if they are not able to make decisions anymore – then everything changes in my eyes. This means team members are not able to make their own decisions, they start hiding themselves behind other people, and the whole spirit of doing something because you’re really convinced that it’s the right way to go is lost. Even if it’s the wrong way, if you believe in it, that’s the best thing you can have in a company, in my opinion. You must have an organisation where people are able to make decisions without being afraid of making the wrong move.

‘That’s something which was really great in the first years at Planetactive, but after being acquired by that big agency, it became a different game. It was totally different, and that was also the starting point for me. Too many years had gone by, but I finally realised at one point that I didn’t want to work for an agency like that anymore. It’s not the way I’m able to deliver. I’m not good under these circumstances. I must be “free”, in a way, and then I become stronger and stronger.

‘But if I have many people around me telling me what I have to do, then it changes me, and I find myself going in a direction where I’m not able to deliver something positive. Maybe the most important thing I took away from that time was the importance of trusting completely in the power of enabling your employees, your partners, or your teammates to do something they really believe in.’

THE UNICORNS SHARE ALL

What does it take to build a billion-dollar company? 12 founders share the do-or-die moments behind some of the world's biggest success stories.

Some of the most fascinating figures of our time are the founders who turned start-ups into globally known “unicorns”, companies valued at over a billion dollars. Exit Stories features 12 of these – each of whom solved a problem in a way no one else dared. From talking toys to pizza to the human genome, there are millions to be made out there. Discover what it takes to create an international giant – the eureka moments, the seemingly endless drudgery, and the mistakes that almost ended it all.

ANSSI KIVIRANTA and MATIAS MÄENPÄÄ are a pair of hugely successful Finnish founders on a mission to spread the gospel of entrepreneurship.

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