

**LINGHAM'S TIPS FOR ASPIRANT IT ENTREPRENEURS**

- Firstly, don't try to get into the 'Internet Space' if you just want to make a quick buck. It's really for people who are passionate about it; the others will fail! It's not 1999 anymore and things are far more complex. It's easy if you want to run your own online store – lots of people do that, but often I hear about people who are trying to build search engines, and the like, to compete with Google. Bad idea, unless you really know what you are doing.
- If you don't have great Internet skills, partner with someone who does – don't try to learn it all yourself.
- Learn the basics around HTTP, FTP and all the architectural stuff that forms the foundation of the Internet – it's not difficult, yet critical. Wikipedia is a good source of information.
- The Internet is a massive place – millions of businesses, billions of consumers. Create a niche and FOCUS on that niche!
- Try to stay abreast of the latest happenings on the net. News sites like TechCrunch, ReadWriteWeb.com and others will help provide insight into the latest trends. The Internet is not a playground for wannabes – it's the truest form of a meritocracy (survival of the fittest)!

have a thousand people in front of you and, if the conference is Pod-cast, you reach thousands more," he explains. At every conference he goes to, Lingham networks furiously, taking business cards and always following up with emails to keep in contact. He also has a blog that receives over 4 000 visitors a day and has been cited in *The Wall Street Journal*, and he writes various articles on internet marketing.

**CREATING A COMPETITIVE EDGE**

Lingham believes that incuBeta's competitive edge can be attributed partially to South Africa's lag in internet connectivity. This has also contributed to the fact that the company is almost invisible locally but has a very high profile internationally. "There is so much misinformation and outdated information given to corporates about their online strategy. They are advised to do things that are five years behind the rest of the world. The companies who are successful online are the ones who adopt real international best practices," he explains, adding that his team makes regular trips overseas for training and to keep abreast of the latest trends.

**SELLING A HOME TO FUND A BUSINESS**

In spite of incuBeta's success, Lingham is the first to point out that the journey has not been easy. For one thing, cash flow and funding have presented major challenges from the word go. "The banks wouldn't finance it – they wanted to see the 'stock'. They didn't understand the concept," he says. Unperturbed, Lingham sold his house and funded the business with the proceeds and with his credit cards.

**OVERCOMING CASH FLOW CHALLENGES**

Luckily, the business made money quickly but its growth also presented cash flow problems: "Our debtors were paying in 60 days and we had foreign exchange issues as well. Our international clients were paying us with cheques, and these would take six weeks to clear. How does the Government expect us to grow internationally viable businesses when the financial controls and banking systems are so prohibitive for small businesses?" The company eventually managed to get Reserve Bank regulation to open a US subsidiary that helped solve this particular issue.

But the exchange rate presented other problems. "It hit us badly," remembers Lingham, "and when the Rand went down to R5,50 two years ago, we had to retrench some people." Lingham says the difficult times taught him a degree of caution. "I have a habit of being too aggressive, building the business too quickly and hiring staff. It was because I always believed in the value of the Internet, even after the dot.bomb, and I wasn't wrong about it but at the time, I didn't have the money to fund it!"

To solve cash flow problems, the company sold equity. Shareholders include Southern Cross Capital and TEIM Investments as well as Mark Shuttleworth's HBD Venture Capital, which invested R25 million in the company in January. Lingham and his wife, Charlene, who started the company with him, together own only 20% of incuBeta today but this doesn't seem to bother him. In the same way that he needed to sell his house to start the company, he knows that selling equity was critical to keeping the business alive and thriving.

**CREATING A SOUND MANAGEMENT FOUNDATION**

He also points to a solid management team and a staff complement of highly talented and motivated individuals as reasons for the company's success. "I don't suffer fools and I am very intolerant of people who don't strive to reach their full potential. Initially, many staff members were just out of university and helping them reach their potential sometimes meant pushing them hard, but in the end, those people ended up being some of our star performers," he relates. The company's stringent interview process helps it to recruit top talent. "It's not necessarily qualifications that I'm interested in but in what people have. I sometimes ask silly questions in an interview like 'What's the square-root of 625?' and I'm not looking to see if they know the answer, but I am interested in whether they try. I am not interested in people who give up too easily," he adds.

This is not surprising coming from someone who hates failure, most of all in himself. "I despise it so much that I do my best to succeed at everything. And that's not to say I haven't failed – just that I hate it. I'm a serial entrepreneur and owning a company is something I have done a couples of times – this is my first success," he concludes. And what a success it's been. If you're looking for an example of how to get it right, look no further. □

**LINGHAM'S RECOMMENDED RESOURCES**

*Rich Dad, Poor Dad* - Robert Kiyosaki  
*Dell Direct* - Michael Dell  
[www.paulgraham.com](http://www.paulgraham.com)