1

ESSENTIAL ENTREPRENEURIAL QUALITIES AND CAPABILITIES

The entrepreneur is not circumscribed by the walls of a job description or limited in what he may accomplish, by the insecurities of his superiors, or the necessity to wait until others ahead of him in the corporate pecking order retire. His field is wide open, and he can attempt whatever broken field running he is able to perform.[1]

—Leonard A. Batterson

Extra effort has been devoted in this chapter to identifying the qualities that entrepreneurs need so they can meet the challenges associated with starting a new venture. The analysis of entrepreneurial preparedness is the first step in the New-Venture Creation Process profiled in the introduction. Although the list of qualities may seem formidable and the list of challenges may seem overwhelming, this chapter is not intended to discourage you from starting a venture. Instead, it is designed to provide insights into the challenges of starting and running a new venture so you can decide if you are ready to take the journey.

This chapter focuses on five entrepreneurial issues.

1. It encourages you to take a good look at your skills and capabilities.
2. It encourages you to identify the skills and capabilities needed to start a venture.
3. It encourages you to identify gaps between the first and second areas.
4. It encourages you to identify areas that you can improve.
5. It encourages you to identify areas where other people will need to be involved in your venture to supplement your skills and capabilities.

These people may be members of your management team or employees. They could also be paid advisors (accountants, attorneys, insurance specialists, etc.), members of an advisory committee if you have one, or members of the board of directors. You may even choose to outsource certain skills and activities to an individual or firm.

STEP ONE: KNOW THYSELF!

Let's face it; most people are not cut out to be entrepreneurs. They don't have the temperament, experience, abilities, or resources to do what is necessary to create a successful venture. The first step in determining whether you have what it takes to start a successful venture is to step back and take an objective look at your skills and capabilities. You need to evaluate what you do know and what you don't know. You also need to know your strengths and weaknesses—and what makes you tick.

REALITY CHECK

If your definition of having a good life is working from nine to five and not making mistakes, then stay where you are and hope that the other people where you work are not so caught up in their comfort zones that your employer goes down in flames!

REALITY CHECK

Business relationships depend on trust. You need to pass the *mirror test*. If you have a checkered past (major litigation, bankruptcy, etc.) or there is any question about your integrity or mental stability, then forget starting your own business.

Amy Lingren, president of Prototype Career Services, located in St. Paul, Minnesota, offers the following list of questions for prospective entrepreneurs:

1. *What is my motivation?*
2. *What are my goals?* Every new business owner should have a clear idea of what he or she wants from the business. If your goal is income, you need to map out how much you want to earn and in what time period. If your goal is independence, you must define what it means to you. For some, it means freedom to work 80 hours a week at something they love. For others it means not working insane hours.
3. *What am I willing to give up?* Although most budding entrepreneurs have a clear picture of potential gains, they rarely understand what they will give up for their businesses. For example, your friendships and family life will definitely change as you become more absorbed in your new venture. Other sacrifices will include free time and vacations. Even your dignity, professional status, and physical comfort are up for grabs as you do everything from moving inventory to cleaning bathrooms.
4. *What is my work style?* Are you happiest working with a team or by yourself? To be happy, you must know your needs and work style before you choose the kind of company you will run.
5. *What is my timeline?* If you're currently unemployed, you may need an income as soon as possible. Whatever your start-up strategy, you need to choose a date to actually start and then develop a calendar of research and startup activities leading to that date. Without a timeline, you risk missing steps and starting too soon, or procrastinating until your excitement is gone.
6. *What is my budget?* You will need a revision in your household budget to reflect your first 6 to 12 months of business. What will your family do without your salary?[2]

This first step also includes taking a close look at your motives and aspirations. Why do you want to start a venture? Is it for fame and fortune? Is it to be your own boss and to have a sense of fulfillment? Fred Smith, founder of Federal Express, indicated that potential entrepreneurs need to decide if the venture is the thing they want to do with their time and their life more than any other thing.[3]

Check Your Motives

If your primary drive is to make a pile of money, then you may be among a small group of entrepreneurs. It is only recently that the desire to make millions has moved to center stage. The twenty-something dot-com entrepreneurs who thought they could rule the Internet seem to have been marching to the tune of a very different drummer. They had a mantra:

1. Develop some idea using Internet technology while working for someone else.
2. Quit your job to pursue your dream.
3. Have venture capitalists fight to invest in your business.
4. Go public.
5. Relax for the rest of your life.

Their lofty expectations and sense of infallibility were matched by the brevity of their timelines. Many wild-eyed young entrepreneurs believed they could do the whole set of actions in less than one year! David Arnoff, an associate of the Graylock Venture Capital firm, noted at a closing-fund dinner for a new company, “The celebration was a little dry as the VCs were the only ones at the table old enough to drink.”[4]

> **REALITY CHECK**
>
> Beware of greed, get-rich-quick schemes, and take-the-money-and-run motives. If you are in it just for the money, then you will compromise key issues and cut too many corners. If you want to build an exceptional enterprise, then direct your time, attention, and resources to providing innovative products and services and creating an environment that attracts and rewards outstanding talent. And make sure your venture has systems that foster exceptional performance.

Show Me the Money

Entrepreneurs are driven by various motives. Some want to make a quick buck; others want to change the world. Steven Jobs, who cofounded Apple and then created NeXT, had very little interest in generating wealth. His desire to make computing user-friendly and to enhance the quality of education enabled him to attract great talent and create revolutionary products.

It has been observed, “Entrepreneurs and venture capitalists have forgotten what the Valley’s business used to be: developing revolutionary technologies, bringing them to market, and building organizations that can, over the years, continue to create and sell stuff that can change the world.”[5] It has also been noted, “If the founders of get-rich-quick startups were to study the history of the most successful tech companies, they’d find a recurring theme; money comes to those who do it for love.”[6]

Richard Burnes, cofounder of Charles River Ventures, noted, “If you look at Bill Gates or Larry Ellison, money was not why they did it. They did it because they were driven to do it. … They earned their wealth by painstakingly building their companies over many years.”[7] Wilson Harrell, who founded over 100 companies, said, “Most entrepreneurs fail because they’re not entrepreneurs in the first place. Entrepreneurs are a special breed, with the gate to their kingdom well guarded against the greedy and get-rich-quick schemers. Many knock, few are admitted."[8]

Ted Turner may have put the importance of money in perspective. He noted, "If you think money is a real big deal, … you'll be too scared of losing it to get it."[9] When Turner figured out he was a billionaire, he thought whistles and bells would go off. He noted that nothing happened at all, and that having great wealth is overrated. He observed, "Average sex is better than being a billionaire."[10]

Most successful entrepreneurs are driven by the desire to create a venture that will make a difference. They want to use their talents and to make exciting things happen. The number-one reason people start a business is that they feel stifled. They feel their jobs are not taking full advantage of their talents. They're also looking for psychological freedom in what they do, and they're technically excellent at something.[11]

Technology-driven entrepreneurs (a.k.a. geeks) have never cared much about money; in fact, technology gurus on the Forbes 400 list, like Bill Gates and Steve Jobs, were always more concerned with dispensing utopia.[12] When Jobs was trying to get John Sculley to leave Pepsi to help him run Apple in its formative years, the deal was consummated when Jobs said to Sculley, "Do you want to spend the rest of your life selling sugared water, or do you want the chance to change the world?"[13] Tom Monaghan, founder of Domino's Pizza, noted, "Life is too precious to be wasted in doing work you don't love."[14]

The opportunity to be one's own boss and the master of one's destiny serve as the driving force for many entrepreneurs. The desire to be one's own boss, however, may not be the same as the desire to be the master of one's destiny. If the desire to be your own boss is based on wanting to have the freedom to try new things, then that desire can be a healthy attribute. If your desire is rooted in an aversion to having someone else being your boss, that could be entirely different. In the first case, some entrepreneurs live in a world where they are surrounded by things that can be improved. Their desire to seize opportunities and to improve products, services, and processes is stifled by the closed mindsets or bureaucratic tendencies that are characteristic of most established businesses. This causes many of them to start their own ventures. In the second case, people start ventures to get away from authority figures, rules, and procedures. In many cases, they cannot work for other people and have considerable difficulty complying with normal organizational practices. One entrepreneur noted, "I had to be my own boss because I can't work for anyone else."

REALITY CHECK

If you have trouble with other people telling you what to do and complying with prescribed guidelines, you need to recognize that your employees, customers, creditors, suppliers, distributors, and various government agencies will be telling you what to do. Being your own boss is an illusion—when you start a business you must be open to others' suggestions. There will also be times when you may want to think "outside the box," but have to accept the fact that you must operate "inside the box." If you are bull-headed and unwilling to solicit and consider other people's suggestions, then you may not be able to attract good people and learn from the marketplace.

Leonard Batterson noted that "Entrepreneurs are never entirely alike nor entirely different. They are driven by their own particular demons to attempt to create their own unique destiny. They are generally very uncomfortable with authority imposed from without, whether in the form of a corporation or the imposition of another's will. Many as children were unable to be true to themselves while attempting to conform and placate an overwhelming parent. Their characteristic hostility to authority, and the limitations they sense it imposes, is a response to these childhood chains."[15]

"Entrepreneurs are often misfits who simply don't mesh with the corporate culture. They don't fit in. Their independent ideas and vision and willingness to act decisively are not normal behavior at most corporations. Corporations move carefully, rationally when at their best, and mostly by consensus. Any new idea must be carefully sewn and gradually nurtured to survive the corporate political environment. Entrepreneurs are totally impatient with this process of consensus and accommodation."[16]

Before moving on, it may be worth taking a moment to address the question, "Is there a good age to be an entrepreneur?" The answer really comes down to this: The entrepreneur should be old enough to have the wisdom to not make naïve mistakes and young enough to have the energy needed to go the distance. This is an interesting paradox. There will be times when entrepreneurs need to have the patience to stay the course that comes with maturity and experience. Yet there will be times when they will need to have the youthfulness to take a leap of faith rather than to wait until all the data are in.

David Gladstone noted, "Venture capitalists believe entrepreneurs should be between the ages of 30 and 45. Younger than age 30 means that the entrepreneur lacks management experience or the knowledge needed to conduct a strong growth-oriented company. Older than 45 usually means he has the experience but lacks the drive and ambition."[17]

> **REALITY CHECK**
>
> Life is too short to wait. If you have the right skills, surround yourself with good people, have identified a lucrative opportunity, and can garner sufficient resources, then it is the time to seize the moment.

STEP TWO: DEVELOP THE "ENTREPRENEURIAL PROFILE"

The entrepreneurial profile represents a job description for the person who plans to start and manage a business. It highlights important skills, capabilities, and experience. Although the requirements may be different for different types of ventures in different markets, certain attributes are essential for most entrepreneurial journeys. Entrepreneurial qualities that play an important role in the success of the new venture are highlighted in the last two-thirds of this chapter.

STEP THREE: IDENTIFY THE "ENTREPRENEURIAL GAPS"

Kenneth Olm and George Eddy suggest that prospective entrepreneurs view the process of analyzing the extent that one has what it takes to be an entrepreneur to be similar to applying for a job. They encourage entrepreneurs to put together a resume and cover letter as if they are applying for the job of being a venture's entrepreneur. The résumé and cover letter should profile your skills, capabilities, and types of experience needed to attract quality people and capital. They suggest that you then put yourself in the position of the board of directors and review whether you are the right person to create the venture to meet the stockholders' needs.[18] You will need to also demonstrate you have what it takes to guide the venture through growth's minefields.

Although most entrepreneurs feel that preparing a resume may be a waste of their time, it serves two important purposes. First, it forces them to document what they have to offer. Second, they will need to provide this information to investors and/or the bank if they will be seeking external funding.

REALITY CHECK

Entrepreneurship is like lowering the water level in a river. When the water level is lowered, rocks (personal shortcomings) that used to be covered with sufficient water (in the corporate world) will make navigating and progress (entrepreneurship) more difficult. Take a look at your background and capabilities. Would you be qualified for the job? If not, which areas would keep you from being considered?

Step three focuses on three different entrepreneurial gaps. Gaps may exist in your personal qualities, areas of specialization or proficiency, and knowledge of the market. The *personal qualities* gap focuses on whether certain facets of your personality will be assets or liabilities for your new venture. This step tries to determine whether major gaps exist between your personal make-up and what it takes to start and lead a new venture. This chapter highlights a number of the attitudinal, behavioral, and perceptual factors that can play an integral role in the creation and management of a venture. These qualities range from tenacity all the way to a commitment to excellence. This step may indicate that your personal desire to make sure nothing goes wrong may actually deter the growth of the venture. A personal qualities gap may exist between your need to be in control and the need to delegate decisions and to build a team.

Step three tries to determine the extent that a *specialization gap* exists. Although the personal qualities gap may focus on certain personal attributes and challenges, the specialization gap looks for gaps in business skills. Most professionals spend their careers in one particular field. They work their way up one particular *functional silo.* Most established firms are organized along functional lines where people specialize in one facet of the firm's operations. Specialization has its merits in large organizations because it allows an individual to focus his or her attention in one particular area. The specialization, in turn, increases one's proficiency and productivity.

One's degree of specialization, however, can be a major drawback for someone who wants to be an entrepreneur. Starting a venture requires a broad range of business skills. The narrower your specialization, the greater the gap. The specialization gap can be monumental if your background is in government compliance or employee benefits. If your career has been in auditing, market research, human resources, or production scheduling, then you have your work cut out for you to broaden your skills and abilities.

Each of these areas may be important to your new venture, but they represent individual trees in the forest. To start a business, you need to know how the trees interact in the forest and how the forest fits into the overall marketplace! If you have a broad-based business education and have spent parts of your career in project environments where all facets of a business are at play at the same time, then the gaps may not be as great.

If you have little knowledge of finance, then you will not be in a position to develop financial projections, to identify potential cash deficits, and/or to raise funds. If you have little knowledge of accounting, then you will be ill-equipped to develop budgets that play an integral role in planning and controlling business operations. If you have little knowledge of marketing, then you will not be able to develop a marketing plan that will give your venture competitive advantages. If you have little knowledge and experience supervising people, then you will not have the finesse needed to attract, motivate, and lead your staff—which may be your new venture's most valuable assets.

The specialization gap has two other dimensions. First, people who have specialized in one particular area tend to see that area as the center of the business universe. People with a background in sales tend to believe that whenever a firm gets into trouble, the firm just needs to sell its way out of it. As someone once observed, "If you give a child a hammer, he or she will believe everything needs to be hammered." There will be times when cost control may be what is needed to improve the new venture's performance rather than more advertising, special promotions, price discounts, or sales incentives.

Second, entrepreneurs have a tendency to spend their time on areas they know best. Entrepreneurs who are unwilling or unable to let go of their past specialization may jeopardize their firm's future. They also tend to be reluctant to delegate those areas to other people. This can be detrimental because the entrepreneur has to spend his or her time managing the whole venture. Entrepreneurs have difficulty delegating things that they used to do before they started their ventures. If your career has been unidimensional, then you need to be aware of the tendency to have tunnel vision. You also need to be aware that you will be less likely to let your staff do what you did before you started the firm.

The specialization gap is particularly noteworthy in high-technology start-ups. "High technology entrepreneurs must learn to strike a balance between their dual roles as chief technologists and CEOs—and bring in help if their shortcomings become apparent."[19] The specialization gap raises the question of whether the entrepreneur should be the venture's chief executive officer. When Pete Bechtel, the founder of Cactus Group Ltd., was asked if he is the best person to be running his company, he indicated that he was not! He stated that his talents would be best used in developing accounts. This insight led him to hire a chief operating officer who could oversee ongoing operations. Bechtel was then free to lead the firm, to deal with strategic issues, and to develop accounts without being distracted by operational issues.

If you are not sure that you have the skills to be the lead entrepreneur, then it may be in your best interest to become part of a start-up or emerging venture that can use your specific skills. You will get a better feel for the challenges of starting and running a new venture by serving as a member of the management team of an emerging venture. You will also have a chance to broaden your knowledge of the other dimensions of the business. This interim step may be seen as an entrepreneurial apprenticeship. The time spent should provide valuable insights into whether you really want to embark on the entrepreneurial journey. It will also highlight skills and abilities that you will need to strengthen.

Step three also focuses on whether a *market knowledge gap* exists. Most entrepreneurs have experience in a particular industry. If your professional background was with one company in an industry that is different from the one in which you plan to start your new venture, then you need to recognize that a market knowledge gap exists. You will have to learn about the uniqueness and dynamics of the marketplace. You will also need to surround yourself with people who truly understand the practices and nuances of the market segments and corresponding competitors.

Reality Check

The greater the difference between where you have been and where you are headed, the greater the risk of making mistakes. Know your shortcomings. Do something about them—or don't take the journey.

If you have an excellent working knowledge of the industry, competition, market segments, and regulations for the area you plan to start a venture, then the market knowledge gap may be minimal. Knowledge and insights play a key role in new venture success. If your competitors have a better grasp for what the market wants and have spent years perfecting their product/service offering and their operations, then it may be difficult for you to gain an immediate competitive advantage. Most markets show little mercy for newcomers who wing it or must resort to trial-and-error approaches because of their lack of

Have you started a venture before?	No	Entrepreneurial risk	Considerable risk
	Yes	Moderate risk	Market risk
		Yes	No
		Has anyone ever tried this type of venture before?	

EXHIBIT 1.1 ENTREPRENEURIAL/MARKET RISK MATRIX

knowledge or inexperience. Markets reward savvy entrepreneurs and leave naïve entrepreneurs little time to learn from their mistakes.

REALITY CHECK

We live in an ever-changing marketplace. You must be in sync with it. Yesterday's knowledge will not help you deal with tomorrow's challenges.

REALITY CHECK

Entrepreneurship involves various types of risks. The Entrepreneurial/Market Risk Matrix profiled in Exhibit 1.1 highlights four types and levels of risk. When you embark on the entrepreneurial journey for the first time, you are taking an *entrepreneurial* risk. You are doing something you have never done before. You are destined to make mistakes. When you create a venture to do something no other firm has done before, you are taking *market venture* risk. This risk involves trying to offer a product or service that has not been offered to a market that may not exist or that may reject your product/service offering right away. If you are taking the entrepreneurial journey for the first time and it involves doing something no other firm has done before, then you are truly testing the odds!

STEP FOUR: BRIDGE THE ENTREPRENEURIAL GAPS

Entrepreneurial gaps are inevitable. No individual can score "10" on every dimension. Most successful entrepreneurs still have gaps. It would be impossible for someone to have it all. There are not enough hours in the day to learn what needs to be known and to experience what needs to be experienced. If everyone waited until they had (1) adopted and internalized every personal quality, (2) developed expert-level knowledge of every functional area of business, and (3) gained extensive first-hand knowledge of the targeted industry/market, then no venture would ever be started.

It is recommended that you decide which skills you will need to develop immediately and which ones you'll want to strengthen over the course of owning your business. You should also ask yourself if you really want to learn these things.[20] If you don't want to learn these areas, then you should consider staying where you are or using your talents as a member of the management team rather than being your new venture's chief executive officer.

REALITY CHECK

It should be noted that one's personality might be the most difficult area to change. Your personality is the product of a lifetime's experiences. Some parts of your personality may even be affected by genetic factors. Psychoanalysts believe it may take two one-hour sessions per week for two years to produce major change, even when the client wants to change! The moral to the story is, "If you can't change your personality, then find a place where your personality can be an asset rather than a liability." For some people, that place is not an entrepreneurial place.

STEP FIVE: SUPPLEMENT YOUR SKILLS AND CAPABILITIES

No person has all the qualities that affect new venture success, nor could anyone be expected to develop them. What is important is that you take a good look at yourself, and make an effort to develop and strengthen the qualities that affect the likelihood of success. Then you need to surround yourself with people who possess the abilities you lack.

Some entrepreneurial gaps can be filled. For example, you can strengthen your knowledge about finance, marketing, and accounting. You can gain experience in managing people. You can research an industry's consumers, competitors, and distribution channels. The trick is to learn what you can, to recognize what you aren't going to know in time to start the venture, and to surround yourself with people whose talents supplement your knowledge, skills, and capabilities.

The era of the entrepreneur who flies solo is coming to an end. The entrepreneur may be the driving force in the creation of a venture, but it will take an exceptional team to build an exceptional enterprise. A few years ago, the actor Edward James Olmos made an insightful presentation to a college audience. He stated that America shouldn't be seen as a melting pot where diverse elements are thrown together to make a stew. He encouraged the audience to think of America's rich diversity as a salad.

The salad analogy can be applied to the need for the entrepreneur to bring people together with varied backgrounds, perspectives, skills, and capabilities. Like a chef preparing an outstanding salad, the entrepreneur identifies the critical ingredients, assembles them in the right quantity, and brings out each of their strengths by providing the right seasoning and dressing. Savvy entrepreneurs know their limitations, and they supplement their talents with people who can make the firm come alive via their insights and ideas.

Your people play a critical role in establishing competitive advantages. Kristen Knight, who started Creative Assets Inc., a Seattle-based staffing company that provides graphic artists, writers, Web designers, and other "creative types" for companies on the West Coast, noted, "Find and keep the best employees you can possibly afford, and create a vision they can buy into. Also know your weaknesses and compensate for them."[21]

If you are the world's greatest optimist, then you need to have someone on your staff who will keep your feet on the ground long enough to see the situation from all vantage points. This *reality-orientation* role is usually played by the board of directors or the firm's chief financial officer. The board should challenge the entrepreneur's key assumptions. The chief financial officer should run scenarios on spreadsheets to determine the impact of certain strategies on the firm's cash position.

If you are an "idea" person or someone who likes dealing with the big picture, then you need to have people on your staff who can ground you in reality. You will need people who thrive on the details that are the nuts and bolts of the business. These people will also play a crucial role because a venture's success is closely tied to the quality of execution. They may say, "That sounds good," but they will follow your idea with, "How do we operationalize it?" For example, if you think your firm can sell at least $5 million in its first year, they will add value to your venture by asking, "Who will be our customers, when will their orders come, what will the average purchase be, and when will the firm get paid?"

While these people may be a pain and slow you down, their questions will get you to look before you leap. They will make sure nothing falls through the cracks. And they will make sure your exuberance is not irrational. If you love to identify new opportunities and develop new products, then you need to have someone on your staff who can take your ideas and flesh them out. People who have the ability to follow up on your ideas can be worth every dollar you pay them. Without these people, you will get wrapped up in so many logistical issues that you will not have the time to be the venture's "chief executive officer."

Warren Buffett stresses the need to surround yourself with people who supplement your *circle of competence.*[22] Bill Gates also indicated that it is essential that you do not surround yourself with people who are just like you. Bill Gates noted that Microsoft's cofounder Paul Allen played a crucial role in Microsoft's development because he challenged Gates's ideas.[23]

Systems can also play a key role in a new venture's success. Few ventures start with a complete management team. It is for this reason that you need to make every effort to attract people from the beginning who possess the types of personalities that make for a rich salad. If you can't afford to hire people with the qualities and experience to supplement your skills, then you will need to be sure systems are established to supplement your skills and personality. If you are not likely to run scenarios, then you need the type of planning software that runs three different sales projections. If you are prone to procrastinate, then you need systems in place that identify key milestones and deadlines. If your staff supplements your skills and personality and if you have systems in place that foster good management practices, then things will be done that you wouldn't do.

Kristen Knight provides an excellent testimonial for the need to have management systems in place. When she reflected on her background and biases, she noted, "Being focused on the sales and marketing side of the business, I overlooked the vital role of the less interesting functions of accounting, technology, and database systems. It was expensive, and at times, an embarrassing lesson (payroll and receivables mistakes), but I now realize the importance of setting up systems you can grow into. I also learned to surround myself with the best vendors and staff I can afford."[24]

PERSONAL QUALITIES THAT CAN MAKE A DIFFERENCE

There is no single personality profile of successful entrepreneurs. Entrepreneurs come in all shapes and sizes. They have varying levels of business experience and education. Bill Gates, cofounder of Microsoft, Steven Jobs, cofounder of Apple, Fred DeLuca, cofounder of Subway, Fred Smith, founder of FedEx, and Jeff Bezos, founder of Amazon.com, are as different as they are similar.

Entrepreneurs don't need to have superhuman powers. They do not have to be able to run faster than a speeding bullet or to jump over tall buildings in a single bound. The job description, however, for the entrepreneur is as multifaceted as a diamond. The remainder of this chapter profiles various personal qualities and capabilities that can enhance a new venture's chances for success.

Entrepreneurs Don't Have To Be Inventors

It may be helpful to start this discussion by differentiating the role of the inventor, the entrepreneur, the leader, and the manager. Many people are hesitant to take the entrepreneurial journey because they have not invented a breakthrough product or service that revolutionizes the way people live or work. This is known as the *inventor myth.* Entrepreneurs don't have to be inventors. The world is full of people who are not having their needs met. The world is also full of inventors who come up with fascinating products and services. The entrepreneur adds value to the marketplace by finding a way to bring these two groups together for a profit. The strength of the entrepreneur is his or her ability to sense a market gap and transform it into a new venture opportunity. Chapter 4 profiles dozens of entrepreneurs who identified a gap and relied on the inventive talents of others to develop the products, services, or systems for filling that gap.

Although entrepreneurs don't have to be inventors, it does help if they have some degree of innovative ability. They may have to find a new way to a deliver a product, just as Fred Smith did with Federal Express, or an innovative way to provide a service, just as Pierre Omidyar did when he created eBay. In some cases, entrepreneurs don't have to be innovative at all. If you have the ability to create an organization that attracts creative people and capitalizes on their talents, then you don't have to be innovative. In a sense, your role as the entrepreneur is like the role played by the symphony conductor. Symphony conductors do not play the instruments, but they create an environment where beautiful music fills the air.

Inventors rarely become successful entrepreneurs. While they relish the challenge associated with solving a particular problem, most inventors lack the business skills and capital needed to take their inventions to the market. Inventors also tend to fall in love with their inventions. They lack the objectivity needed to determine the invention's true value. They frequently get caught in the "If you build a better mousetrap, the world will beat a path to your door" fallacy. They have trouble understanding why people don't buy their revolutionary products.

Walt Hobbs provides a good example of an inventor's preoccupation with solving a problem. He wanted to create a product that would help women who lived with "inconsiderate" men. Walt Hobbs spent three years developing a hydraulic device called "Seat Down" that automatically lowers the toilet seat. His invention lowers the toilet seat 90 seconds after the pedal has been pressed that raises it.[25]

A number of inventions are marketable, but they never make it to the marketplace because their inventors are not willing to let anyone else have a piece of their action. They want to manufacture their product and control every aspect of marketing it. Their desire to run the show and to get 100 percent of the profits for their blood, sweat, and tears puts them in a position where their inventions never leave the launch pad.

Their unwillingness to sell or license their product to an entrepreneur (or existing firm) who can take it to the marketplace means that they have no revenue for their invention. Everyone loses in this situation. The inventor does not receive any money in return for his or her efforts. The inventor also loses because the money could serve as seed capital for developing additional products. The market also loses because consumers do not have the opportunity to buy innovative products.

REALITY CHECK

Inventors should spend their time inventing. They will be better off leaving the *business side* of inventing to people who are as good at *doing business* as the inventor is good at inventing.

A few inventors are able to acquire funding via government technology grants. But their lack of business acumen frequently keeps their "wow" products from achieving their true potential. Inventors need to recognize that there may be a substantial opportunity cost when they try to handle the "business" side of an invention. Every moment they spend trying to raise money, manufacture the product, and establish distribution outlets could have been spent developing other inventions! The moral to the inventor story is, "A reasonable piece of a big-revenue pie is better than 100 percent of a no-revenue pie."

Inventors usually underestimate what is involved in taking their idea to market. Nothing is ever as simple as it seems. Marilyn Searcy provides a good example of what happens when even a simple innovation has a head-on collision with the real world. She invented a product called "It's a Keeper" that hooks onto a ladder and holds either a two- or a five-gallon paint can.

When Marilyn Searcy set out to be an honest-to-gosh inventor, she pictured herself right up there with Alexander Graham Bell, Thomas Edison, and her father's favorite hero, Benjamin Franklin. The Fremont woman imagined a type of paint-caddy product that would let a person work on a ladder without dropping or spilling anything or running up and down the ladder. Marilyn Searcy noted, "It was so simple in design, I figured it'd be nothing to manufacture." She added, "Just a few minutes and I'd be on my way to inventor's heaven. …[26]

Her experience is a reality check for anyone who has ever considered a "new" idea and thought, "I should do this." At that point, Marilyn Searcy applied for a patent to protect the product. She noted, "I thought I had reached and cleared a major milestone." As the weeks and months progressed, she found out she needed much more than a product idea; she needed a business license, a seller's permit, incorporation, checking accounts, product insurance, business and marketing plan, UPC bar-code symbol, graphic artist, packaging, a logo and brochures, and more.[27]

Then she found out the real meaning of crisis. The shop she was using did not have the CNC bender (a computerized machine that pushes wire through wire) she needed to go into huge production. "I didn't even know what a CNC bender was," she says. "I had orders coming in and couldn't fill them. I went through two shops and contacted hundreds all over the country. People told me to go overseas, but I wanted to keep the product right here in the United States." But she says the whole thing is an eye-opener. "I can understand why there aren't more entrepreneurs out there—it's just too hard." She says. "I was not prepared, nor did I suspect the toll all this takes on you. I never suspected that my little idea would turn into something that would keep me awake nights, cost me a minor fortune, and throw me headlong into the dog-eat-dog world of business."[28]

REALITY CHECK

Although some inventors may have the desire to run the ventures that bring their inventions to the marketplace, they need to step back and ask, "Is this the best use of my creative talent?" and "Am I the best person to be running the new venture?" Passion and creativity are noteworthy qualities, but it takes more than passion and creativity to launch a successful venture.

Inventors may suffer the same shortcomings as perfectionists. Their drive for perfection has two major drawbacks. First, they will not launch the product until it is perfect. Timing and quality play key roles in determining whether a new product will be successful. The product must be in sync with when the window of opportunity is open. If the product misses the window, then the whole venture could be left out in the cold. The same applies to the product's level of quality. Quality is defined by consumer expectations, not by the inventor. Inventors may be so infatuated with improving one feature of their product that they lose sight of what is important to consumers. Kenneth Rind as a venture capitalist noted, "We never invest in an inventor. Almost by definition, he only wants to improve his invention and isn't interested in the business as a business."[29]

Second, the product has to meet needs that are not being met at all or well enough in the marketplace. It doesn't matter how innovative the product may be or how many patents it has; if the product doesn't appeal to the market, then it will die of neglect.

Inventors frequently have two other shortcomings. They tend to be very secretive—even paranoid. They are reluctant to provide critical information to prospective investors because they are afraid they will steal their ideas. Inventors also tend to be reluctant to spend money on promoting their products. They believe, "If you build it, people will come." However, Elbert Hubbard once noted, "Parties that want milk should not seat themselves on a stool in the middle of the field in hopes a cow will back up to them." Inventors need to recognize, "Without sales you do not have a business."

Entrepreneurs Need To Be Entrepreneurs

While inventors may fall in love with their products, entrepreneurs tend to fall in love with the prospect of creating a venture to capitalize on a market opportunity. Inventors relish the challenge of solving some technical problem. Entrepreneurs thrive on the challenge of creating ventures that fill market gaps.

The entrepreneur's ability to identify an opportunity and transform it into a profitable business has been the fuel for the fires of free enterprise. Perceptiveness and resourcefulness set entrepreneurs apart from inventors and dreamers. Joseph Mancuso, president of the Center for Entrepreneurial Management, stated, "To be a true entrepreneur, you have to be more than a dreamer: You have to be a doer, too. Fantasies don't sustain entrepreneurs; action does."[30]

The entrepreneur's perceptiveness also includes the ability to sense when the "window of opportunity" may be opening. By scanning the market's horizon, their mental radar screen is able to identify opportunities when they are just beginning to emerge. This gives them lead time to find a way to fill the gap. The lead time may enable them to be a first mover. Jeff Bezos's ability to sense the opportunity early and his commitment to sell books over the Internet gave Amazon.com a two-year head start over Barnes & Noble. By 1998, Amazon.com was doing eight times the Internet sales of Barnes & Noble.[31]

A few entrepreneurs have become masters at developing entrepreneurial ventures. They surround themselves with people who thrive on filling the gaps in the marketplace. These entrepreneurs form internal entrepreneurial teams and provide them with the resources to run free. They also create an untethered environment that encourages people to scan the environment for emerging opportunities. Their firms become "incubators" for hatching new products, new services, and new ventures. They also seek alliances with other firms that will produce symbiotic relationships.

Reality Check

You can't know it all. There are too many hats to wear and too many issues to address. This is why entrepreneurial teams are so important.

The best entrepreneurs are connoisseurs of talent. Robbie Hardy, who founded two software companies and an investment firm, notes, "The team is everything. Ninety-nine percent of entrepreneurs can't do it all on their own. They need partners and teams. One of the highs for me is creating teams." Her people skills are evident in her ability to know what people can do best and empowering them to make the most of their talents. She also knows what she does best and what she doesn't, and enthusiastically shares responsibility and power. Hardy believes her team of people is a primary reason her firms have flourished.[32]

REALITY CHECK

If you are starting the venture with an entrepreneurial team, don't expect each member of the team to be as committed as you. At any given time, at least one member of the entrepreneurial team will feel that his or her circumstances warrant individual treatment. That person may not be willing or able to commit additional time and money into the enterprise. That person may lose interest or the willingness to take on additional financial commitments or expansion risks.

Entrepreneurs Need To Be Leaders

Leadership has been defined in many ways. As the new venture's leader, the entrepreneur represents the electricity that makes the enterprise come alive. Jeff Bezos shed light on the role the entrepreneur plays in creating an exceptional enterprise. He indicated you have to (1) bring together a talented and diverse group of people, and (2) attract them by giving them the opportunity to build something important, to improve customers' lives, and to change the world in some fundamental way. He also noted that great people should also be owners, and they are, through Amazon.com's generous stock option incentives.[33]

Jeff Bezos also stressed the need for entrepreneurs to consistently articulate what is to be achieved. According to Bezos, "You can have the best people, but if they're not moving toward the same vision, it's not going to work."[34]

Entrepreneurs as leaders need to take the long view, see the big picture, establish a clear set of priorities, and make sure the firm keeps moving ahead. Jeff Bezos noted that within the overall vision there are hundreds of smaller ones. As the firm's leader, there are times when the entrepreneur needs to demonstrate brutal triage. In those instances, you have to say, "No we don't this, that, and that; we're going to focus exclusively on these three things."[35]

Entrepreneurs Need To Be Managers

While inventors, entrepreneurs, and leaders are frequently given celebrity status by the media, managers seem to be the Rodney Dangerfields of the corporate world. They get no respect! Yet managers play an essential role in organizations. Bezos highlighted the importance of good management when he was asked if his success was simply the result of being in the right place at the right time. He responded, "I think ideas are easy—it's execution that's hard. If you and I were to sit here for an hour and scribble on this chalkboard on the wall, we could come up with a hundred good ideas. The hard part is making them work, and there are several key components in that."[36]

Managers play a crucial role in the success of an emerging venture. They design systems and monitor operations to make sure things go smoothly and nothing falls through the cracks. Managers make sure quality is up to standard, expenses are within budget, and deadlines are met. Managers make sure the organization gets the optimal use of its limited resources.

Kenneth Olm and George Eddy stressed the need for a new venture to have quality management from its inception. They noted, "A new entry in a highly competitive market lacks the time to develop itself managerially; that could take years. If it is to succeed, it must begin with the requisite talent."[37] Jeffry Timmons also stressed the need for entrepreneurs to have strong managerial skills. He stated, "Entrepreneurship is the know-how to find, marshal, and control resources (often owned by others) and to make sure you don't run out of money when you need it most."[38]

Howard Schultz, CEO of Starbucks, notes, "The ability to recognize limitations in yourself is what determines whether you have a great idea that can become a great business. You can't keep your finger on the pulse of all the issues you'll face; no one person can do everything. Entrepreneurs are bold thinkers, but they're usually not detail-oriented. You need the self-esteem to hire people who are smarter than you and give them the autonomy to manage their own areas. Surround yourself with great people and get out of their way.[39]

Chris Evans, who created Accipiter, a software company, recognized the need for good management. He hired a chief operating officer because management was critical to his firm's growth. He noted, "My strong suit is not management. I needed a detail-oriented individual to manage the day-to-day operations while adhering to my values."[40]

Rob Ryan, who established a boot camp for aspiring entrepreneurs in Montana, feels the ability to establish a team is crucial. He believes an entrepreneur must be able to balance his or her own weaknesses with others' strengths. According to Rob Ryan, the team is the first company element investors assess. Investors know that a hardy team can overcome staggering obstacles, quickly whip up new products, outsmart competition, recover from problems, and make impressive investor presentations.[41]

REALITY CHECK

A new venture's success is contingent on being able to do the right things the right way at the right time. No lender will agree to finance a venture that is understaffed in needed skills.[42]

TYPES OF ENTREPRENEURS

Rob Ryan groups prospective entrepreneurs into seven categories. Each category reflects different aspirations, attitudes, and qualities. Each category also has a corresponding likelihood of creating a successful new venture. Rob Ryan refers to prospective entrepreneurs as "Wanna-bes." He noted that lots of people have a germ of an idea and are convinced that they can turn it into a gazillion-dollar business.[43]

Rob Ryan notes that often Wanna-bes can transform themselves into successful entrepreneurs—but only if they are willing to work hard. A lot of the Wanna-bes he deals with frequently make the classic mistake of not differentiating between the *idea* of a business and the actual *building* of a business. In coming up with a good idea, they think they have already done the hard part of building a company. In fact, what they have done is equivalent to finding their sneakers before running a marathon—they're still not even at the starting line. They haven't built a prototype or gotten feedback from potential customers.[44]

Prospective entrepreneurs fall into one of the following seven categories:[45]

1. *The Quickie Wanna-Be.* This person uses a get-rich-quick business model that has no clear-cut application and no value proposition. Their ideas or models lack sustainability for 10 to 20 years. They are the entrepreneurs who set up websites to get "eyeballs" but not sustainable profits. They tend to take the company public ASAP, manage the stock for maximum valuation, then sell their stock. These companies represent ideas that are in search of money; they aren't *real* companies.

2. *The Wonderful Wacky MBA*. They dance around the conference room whipping out tons of charts and quotes to prove that the market is humongous. In immature industries, nobody knows what they are talking about. If the industry is mature, there are entrenched leaders.
3. *The Send Money Wanna-Be.* They believe all they need to do is get a big venture capital (VC) check in the bank, then everything else will fall in place. These entrepreneurs have it backward. Money follows those who do the right things. These entrepreneurs need to bootstrap during the start-up stage. Entrepreneurs need to spend their time talking to customers rather than running around looking for investors. If you get interested customers, then you might get interested investors.
4. *The Dreamer Wanna-Be.* They are visionaries who are rarely blessed with detailed information or management know-how. If you are in this category, you could admittedly be the next Michael Dell or Bill Gates. But it is more likely you'll end up tinkering in your garage forever. The problem with visionaries is that most of the time they aren't doers. Rob Ryan noted, "They love to sit in a room and think about their great idea or spend hours telling their bored friends all about it. But they don't know how to snap out of the dreamer mode and turn their glorious idea into something real. Even if they do, big dreams usually come with big problems, and these Wanna-bes aren't always the type to figure out how to work around them."[46] Remember, ideas are like belly buttons; everyone has one.
5. *The One-Stripe Zebra Wanna-Be.* This is a company that is built around a single function in a very narrow market. Perhaps it's even an interesting and viable product, but it's not a wide-enough stripe to support a sustainable company.
6. *The Technoid Wanna-Be.* Technoids are smart about their technology but not always clued in about what it takes to run a business. They need a predictable revenue model and a management team with a track record of working together.
7. *The Guts and Brains Wanna-Be.* They've got the guts to plunge into the real world, even if there is a lot of scary stuff out there. They dig in and do their homework. Sure, they'll get rejected and ignored at first, just like the other Wanna-bes. But this team keeps going. They've got faith in themselves and their business.

   The Guts and Brains Wanna-bes are like the Eveready bunny. They just keep going, and going, and going. They have their act together and are positioned to beat the odds.

Wanted: An Entrepreneur For All Seasons

Michael Dell noted that entrepreneurs come in two basic styles. One is the deal junkie who restlessly seeks new ventures and new markets. The other is the optimizer, who starts with a good idea and then tirelessly executes on that idea.[47] If you were asked which of these two approaches is best, you should answer, "both." Success is the product of great ideas and great execution. The best entrepreneurs are hybrids. They have the innovativeness to come up with new things to do and new ways to do things. They have the entrepreneurial ability to create a venture that can bring revolutionary products and services to market. They have leadership skills to inspire people to do things they have never done before. They also have the management skills to keep their ventures from being derailed by the never-ending challenges that can shut a firm down in a heartbeat.

KEY ENTREPRENEURIAL QUALITIES

Entrepreneurs have gone from being labeled *business misfits* to being heralded for their pioneering spirit. A romantic view of entrepreneurship has grown out of new ventures that have taken on the Goliaths of industry. Ted Turner's CNN took on the major networks. Richard Branson's Virgin Atlantic Airways took on British Airways. Steven Jobs and Steven Wozniak's Apple Computer took on IBM. Steven Jobs even flew the skull and crossbones over his Mac unit's building to symbolize the swashbuckling nature of his venture.

Media coverage of entrepreneurs may give the impression that starting a venture is a romantic endeavor. Yet entrepreneurship also has its low points. Entrepreneurs have more than their share of sleepless nights. New ventures live a precarious type of existence. Even when Amazon.com enjoyed its highest valuation, Bezos told his staff "to wake up petrified and afraid every morning." [48]

Wilson Harrell indicated entrepreneurs are members of *club terror*. He said it is "a private world filled with monsters sucking at every morsel of your being … [where] there can be no sleep … just wide-awake nightmares."[49] Harrell noted that being an entrepreneur was similar to his experience in World War II when he was shot down behind enemy lines. He noted that club terror for entrepreneurs comes with having the cash to make payroll, staying up to review accounts, trying to keep your creditors at bay, and having to deal with the challenges no one imagined—death, accidents, building inspectors, vandalism, weather, stock market, skyrocketing oil prices, loss of good employee to become a competitor, and so forth.[50]

Entrepreneurs Have a Vision for What Can Be

Most successful entrepreneurs are driven by a vision for what is possible. They share George Bernard Shaw's observation, "Some men see things as they are and say, why? I dream things that never were and say, why not?" While the world may see the world as it is, entrepreneurs see what it can be.

Steve Schussler created Rainforest Café because he had a vision for the type of restaurant Walt Disney would have created. He combined animatronics with a spectacular interior to create a spectacular restaurant. When executives at Disney finally got around to thinking about the restaurant that should be part of their Animal Kingdom Theme Park, rather than create their own restaurant from scratch, they asked him to put one of his restaurants on the Disney property.

Although some people have the courage to take the road less traveled, entrepreneurs with vision are willing to take *the road yet to be traveled*. Stephen Rebello, as capital strategies editor for *Inc*. magazine, noted that "Visionaries have the capacity to see what others can't (or won't) and the courage to bring their vision to life. Truly successful people have the ability to see new paths and the power to persuade others to follow. … Through a combination of smarts, bravado, innovativeness, luck, common sense, and insight, they often win fortunes, create legends, inspire imitators, and sometimes become household names."[51] When Ray Kroc saw the McDonalds brothers' drive-in fast food hamburger restaurant in California, he had a vision for what was possible. Thomas Monaghan's vision for delivered pizza was the basis for Domino's. Fred Smith's vision for overnight delivery was the basis for Federal Express. Howard Schultz's vision for a place people could go each day for a break from boredom was the basis for Starbucks' fantastic success.

Entrepreneurs Are Perceptive and Demonstrate a Kaleidoscopic Perspective

Entrepreneurs have the mental dexterity or kaleidoscopic perspective to look at a market situation and see what others cannot see. They also have the mental dexterity to see how one business opportunity may lead to other opportunities. Stig Leschley demonstrated a kaleidoscopic perspective when he recognized there might be numerous opportunities within every business opportunity. While Jeff Bezos was focusing his attention on selling new books, Stig Leschley started Exchange.com, an on-line seller of used books. He sold it seven months later to Amazon.com for $200 million.[52] Michael Dell demonstrated mental dexterity when he realized that he could not gain retail distribution for his fledgling enterprise. He viewed the problem as an opportunity and then explored the idea of selling direct to consumers.[53] Dell's success can be attributed, in part, to his ability to look at situations from various vantage points and his ability to design systems that make things possible that established firms did not consider to be possible or profitable.

Entrepreneurs Are Venturesome

The job description for being an entrepreneur may contain many dimensions, but few dimensions are as important as the ability to take initiative. John Johnson, founder of *Ebony* magazine, says entrepreneurs need to be "responsibly daring."[54] His comment captures the notion that entrepreneurs are modern-day explorers. Entrepreneurs must be prepared to enter doors of uncertainty, to travel unmarked paths, and to navigate uncharted waters.

Entrepreneurs revel in the opportunity to introduce new products and services. Entrepreneurs personify the prelude to *Star Trek*—they are willing to "boldly go where no one has gone before." Bezos noted, "I am entranced by the idea of the impossible (being) achieved."[55]

Entrepreneurs See Opportunities Where Others See Problems

The kaleidoscopic perspective also applies to seeing opportunities where others see problems or nothing at all. Akio Morita, cofounder of Sony Corporation, enjoyed telling the story about two shoe salesmen in Africa. According to Morita, "Two salesmen … find themselves in a rustic backward part of Africa. The first salesman wires back to head office: 'There is no prospect of sales. Natives don't wear shoes!' The other salesman wires: 'No one wears shoes here. We can dominate the market. Send all possible stock.' "[56]

Ironically, sometimes entrepreneurs see opportunities that are right in front of them and others. The old saying, "If it was a snake it would have bitten you right in your face," applies to a number of interesting opportunities. Dr. Francine Vogler had been a flight surgeon for an air evacuation service that went out of business. When a friend fractured a hip in Italy and wanted to return to the United States, Vogler called transport companies and was told the project would involve chartering a jumbo jet for more than $200,000. She eventually managed to bring her friend back on a commercial jet for $15,000. Her ability to sense a gap in the market served as the basis for creating AIRescue International. She employs a staff of on-call physicians, nurses, and respiratory therapists who respond to pleas for help in leased jets outfitted with lifesaving medical equipment. They have earned the reputation for transporting the untransportable.[57]

Dr. Roy Archambault, who founded Xero Products LLC, also demonstrates how the world is full of opportunities for those who recognize gaps in the marketplace. His patients frequently asked him what they could do to keep their casts from getting wet. Mothers were particularly frustrated with the lack of any way to keep casts dry. They knew it was nearly impossible for kids to keep their casts dry.

Dr. Archambault knew there had to be a better way to keep casts dry than covering it with a garbage bag and taping it closed, which is what most people resorted to due to the lack of anything better. He had been very enterprising while going to medical school to pay his bills, so he investigated ways to keep casts dry. He developed a product using molded latex that surrounds the cast. The product provides a watertight seal around the cast when the air is removed from the latex cover. One model is designed to keep a hand cast dry. Another model covers a cast on one's foot. Dr. Archambault has heard from numerous mothers who thank him for "saving their family's vacation." His watertight cast cover is now sold in 20 countries.

Two things make these preceding two ventures noteworthy. First, Dr. Vogler and Dr. Archambault were certainly not the first people or even the first doctors to be confronted with the corresponding problems. What made them different was that they did something about the problem. Lots of people see a gap in the marketplace, but few take the initiative to do something about it. The problems/gap between what was available and what consumers really wanted had been there for years or even decades. Second, neither Dr. Vogler nor Dr. Archambault had to be physicians to sense to opportunity or to seize it. It was their entrepreneurial spirit that prompted them to transform the gap into an enterprise that delights its customers. Countless others were confronted with the same problems, but they lacked the perceptiveness, motivation, or ability *to boldly go where no firm had gone before.*

Entrepreneurs Live at the Edge

When entrepreneurs take the path yet to be traveled and boldly go where no firm has gone before, they operate where there are no experts, no paths, no certainties, no fail-safe market studies, no trade associations, and no maps. When you are at the edge, you don't have a lot of data when confronted with make-or-break decisions. When you are at the edge, starting a venture may involve taking a leap of faith due to the absence of complete information.

Entrepreneurship is like living a life without a safety net—it is thrilling and dangerous—where misjudgments are punished ruthlessly.[58] The best entrepreneurs are not risk seekers, but they know risk is something that comes with the territory. The precarious and fragile nature of new ventures also creates a sense of urgency where time is of the essence. They look at life as if it is sand in an hourglass. Once the hourglass is turned, there is no way to reverse the flow of sand. They see every moment as a moment that benefits the venture or as a moment that was lost. A line from the movie *The Doctor* captures the sense of urgency. When a doctor approaches a young woman who is dying of cancer and tries to make light conversation, she tells him, "I'm dying and you are wasting my time."

Entrepreneurs Have the Ability to Make Good Things Happen—in Spite of the Odds

Entrepreneurs approach challenges with the *Apollo 13* "Failure is not an option" mentality. Michael Egan, who started Alamo Rent-a-Car, noted that as an investor he looks for entrepreneurs who can “marry a good idea to good business practices, follow through on those practices, make mistakes, and overcome them without letting those mistakes bury them.”[59]

Entrepreneurs Thrive in Times of Uncertainty

Times of great change are also times of uncertainty. Uncertainty implies risk, because you are not sure what is possible and what the probabilities of various possibilities may be. Some people freeze when faced with uncertainty. Most people, especially professionals, try to reduce or eliminate uncertainty by collecting information about the situation they are facing. Entrepreneurs capitalize on change by acknowledging the ambiguity, accepting the risk, and seizing the moment. They know that opportunity is always present in the midst of crises, turbulence, and change.

Entrepreneurs recognize that they do not have the luxury of operating with a “ready, aim, aim, aim, and then fire” mentality. When you are at the edge and time is of the essence, you may have to fire without having much time to aim. They know they need to take whatever information they can muster, do a quick analysis of it, make assumptions for what could be, and then make a timely decision. Steven Jobs demonstrated the ability to constructively deal with uncertainty when he formed NeXT Computer. While no one in the industry thought they could do what they were proposing, he believed his firm was fortunate to be presented with such an opportunity and that it would be a sin not to pursue it.

Amar Bhidé noted that five factors help differentiate winners from the also-rans:

1. Lack of differentiating technologies or concepts
2. Lack of personal traits such as open-mindedness
3. Unwillingness to make decisions quickly
4. Inability to cope with setbacks and rejections
5. Lack of skill in face-to-face selling[60]

Bhidé also noted that entrepreneurs really don’t know what works until they actually try it. Entrepreneurs cannot objectively evaluate their relative ability to serve amorphous customer wants without actually starting the venture and launching the product. He also noted that if Bill Gates and Paul Allen had spent the time to do a competitor or market analysis, they might have missed the boat, since several other programmers were trying to develop BASIC for MITS’s (a small Albuquerque start-up) Altair at the same time.[61]

According to Bhidé, entrepreneurs deal with uncertainty by using discovery-driven planning and adaptive execution. *Discovery-driven planning* involves plotting a direction into an uncertain future and redirecting as reality unfolds. This type of planning calls for speed, the capacity for rapid response, and insight. Speed is important because opportunities are fleeting. Insight is important because people have to act on inadequate, sketchy information.[62] *Adaptive execution* involves capturing the opportunity without falling prey to many of the pitfalls of high uncertainty. The key concern in adaptive execution is that new and changing business models imply new customers, competitors, and competencies. This forces entrepreneurs to operate with a much higher ratio of assumptions to knowledge than most people may be accustomed to.[63]

Henry Schact, former CEO of Lucent Technologies, noted that it is better for entrepreneurs to be “roughly right” than to consume time developing an analytically correct, but slow answer. This facet of entrepreneurship may be similar to two situations in football. When time is of the essence, the quarterback may have to call the play at the line of scrimmage as he looks at configuration of the opposing defense. Barry Sanders, the great NFL running back for the Detroit Lions, illustrated the need to be able to make decisions on the spot. His ability to adjust to what was happening in realtime made him one of the greatest running backs of all time.

Entrepreneurs Have a Tolerance for Turbulence

Entrepreneurs need to be able to deal with turbulence that comes with times of change and uncertainty. Today's marketplace resembles the white water of a rapids more than the serenity of a placid lake. A lot of people deal with uncertainty by trying to cope with it. Entrepreneurs do more than cope with it; they deal with turbulence in a proactive manner. Entrepreneurship at its best involves thriving in turbulence. Rob Ryan noted, "The true entrepreneur doesn't see change as something to fear or even merely has tolerance for change. Instead, he or she has an appetite for it, recognizing that change is what brings opportunity."[64]

In combat—the ultimate form of turbulence—soldiers need to keep cool under fire. Entrepreneurs need to keep cool when things get rather chaotic. They need to be able to land on their feet. Jeff Bezos admits to being a change junkie.[65] Amar Bhidé noted, "Differences in the capacities to adapt to chance events and to execute strategies for acquiring resources apparently play important roles in separating the winners from the losers."[66] He also noted, "Entrepreneurs who effectively adapt to unexpected problems and opportunities and who persuade resource providers to take a chance on their start-ups can influence their luck. … Savvy entrepreneurs know there are times to follow procedure and there are times to break the rules. They know that changing times often call for organized chaos."[67]

"Entrepreneurs go insanely fast. Look into the eyes of a great entrepreneur, and you'll see him or her parallel-processing more thoughts in a moment than most people do in a day. They consume data as if it were their first drink after 30 days in the desert. They remember everyone else's jobs, because the real fun is in getting their hands dirty. Entrepreneurs don't manage companies into life; they race their visions into reality."[68]

Reality Check

If you are a perfectionist, then you will have to recognize that a fixation on perfection in times of turbulence can be like a straightjacket. Entrepreneurial ventures thrive on experimentation and improvisation. Firms that expect perfection when things are in a state of flux actually kill the creative spirit. Perfection takes twice as long as excellence. In many instances, things just need to be done. According to Wayne Baty, "Nothing is going to send a start-up to the bottom faster than a perfectionist type of personality. The day-to-day process of running a new business is never orderly, and the problems that come up never lend themselves to orderly solutions."[69]

Reality Check

If you are a control freak, then you will have to loosen up. Entrepreneurs are never in control of the employees. Most new ventures live a precarious existence, teetering at the edge of oblivion in their early years. If you believe you can do everything better than everyone in your venture or feel that you must oversee and check—and recheck—everything before any decision is made or anyone does anything, then you will undermine your people and jeopardize your venture's success. "People who are overly concerned with being in control also have little tolerance for subordinates who think for themselves."[70] New ventures will only grow to the extent their entrepreneurs give their people a chance to grow.

Entrepreneurs Need Confidence to Take the Plunge

Entrepreneurs tend to have a higher level of confidence in their ability to make things happen than most people. They also tend to rely less on what others do and to care less about what other people think. Confidence plays a key role in entrepreneurship because you have to believe you can make things happen that you and possibly no one else has ever done before. Confidence gives entrepreneurs the courage to take the first step in a long journey. It also gives them faith that they can meet the challenges they will face and deal with the barriers that stand between them and the fulfillment of their vision.

Confidence for entrepreneurs is two-dimensional. It applies to the belief in oneself and the belief in one's venture. Successful entrepreneurs believe passionately in what they are doing. The negativism of others only strengthens their resolve. At heart, they believe that things will just turn out right in the end.[71] Howard Schultz noted, "People will shut you out. They'll regard you with suspicion. They'll undermine your self-confidence. They'll offer you every reason imaginable why your idea simply won't work."[72]

Confidence is rarely an all-or-none issue. If you have little confidence, then you will not try anything new. If you have too much confidence, then you could be reckless. The key is to have enough confidence to try what should be tried and enough common sense to not grasp for things beyond your reach. Confidence is not the same as cockiness or being egocentric. People do not want to associate with people who are arrogant or so wrapped up in themselves that they cannot work as part of a team. They do, however, want to be part of endeavors that are led by people who can make good things happen.

People who believe in their ability to make things happen usually have a track record for making things happen. "Though the first leap into business can be a scary one, most entrepreneurs have shown the aptitude for enterprise sometime in their past." [73]

Confidence usually has its roots in competence. Desh Deshpande, cofounder of Sycamore Networks, noted, "Prior success, confidence, and the ability to sell are absolutely vital to becoming an entrepreneur, and can be cultivated. The things that have helped me are a track record of prior successes, a well-rounded skill set, and a deep knowledge of the market. In fact, it was a track record in the industry that gave me the confidence to start a business. While at Motorola in Toronto, I expanded a small multiplexing division into a $100 million business. Creating that business gave me the confidence I needed to become an entrepreneur. It also gave me the freedom to work in different areas of the company to broaden my skills."[74]

Reality Check

While this book is designed to help people with a professional background start a new venture, it should be noted that having a professional background might inhibit taking the entrepreneurial plunge. Your training and skills have taught you to minimize risk by operating within the box and playing it safe so you do not rock the boat. Entrepreneurship implies accepting risk and creating turbulence by *making* waves. Starting a venture has far more unknowns and risks than making a minor modification in a firm's product that has been on the market for a number of years. Entrepreneurship also implies being willing to put yourself at risk. People who have been very successful in a corporate environment tend to be reluctant to pull the plug on things even after they have outlived their usefulness. The more successful you become, the more you have to lose from an ego and financial perspective if you embark on the entrepreneurial journey.

Confidence is related to one's attitude, just as it is to one's ability. Entrepreneurs embody Ferrari's slogan, "If you can dream it, we can make it." If entrepreneurs had a national anthem, it would include the lines:

Just because it hasn't been done does not mean that it cannot be done.

and

Just because no one has done it does not mean that I cannot do it.

Entrepreneurs see opportunity in every problem and seek a solution when faced with every setback. Ironically, if entrepreneurs don't know that something can't be done, then they don't know they can't do it. Entrepreneurs succeed when others won't even try. They try because they don't know that what they want to do can't be done.[75]

Here is an example of that kind of spirit. Years ago, a student working on his Ph.D. came in late to class one day looking frazzled. When the professor asked him why he looked so tired, he responded that he had been working through the night on the homework assignment from the previous class. The student indicated he was hesitant about even continuing the class because he had only been able to solve one of the problems that was listed on the blackboard. When the professor realized the student had arrived late for the preceding class, he told him that the list on the board was not a homework assignment … it was a list of mathematical problems that had yet to be solved by anyone in the world. The student did not know they were impossible. He created an optimization algorithm to do what no one else had been able to do—ever!

Entrepreneurs appear to be driven more by their aversion to missing an opportunity (Anxiety II) that was profiled in the Introduction than their fear of failure. Leonard Batterson noted, "They don't like to fail, but it is not necessary for their survival not to fail. … The entrepreneur rarely consciously considers the possibility of failure. He is engaged in creating the future."[76]

When Walt Disney was asked about the risks associated with starting a venture, he responded, "I look at it this way: I've been broke five times in my life. One more time won't hurt."[77] The risks associated with Anxiety II help explain why people start ventures. Instead of seeing the risks associated with starting a venture, entrepreneurs see the opportunities that would be lost if they failed to seize the moment. For example, when Steven Jobs, the cofounder of Apple Computer, and Fred Smith, the founder of Federal Express, reflected on the success of their ventures, they claimed they did not consider them to be very risky. Both knew there were corresponding needs/opportunities and that it was inescapable that someone would capitalize on each of them.

Risks are an integral part of doing business. Yet entrepreneurship means taking calculated risks; it doesn't mean being reckless. Savvy entrepreneurs know that operating without a plan is like walking the high wire without a net. Jeff Bezos once indicated, "The high wire never seemed impossible to me."[78] It is heartwarming to see that Michael Dell, Bill Gates, Paul Allen, and other entrepreneurs had the courage to seize the moment and go where no one had gone before. They changed the way we live and work.

REALITY CHECK

The difference between being heralded as a genius versus being labeled as an idiot can be a fine line. Mark Twain observed, "The man with a new idea is a crank—until the idea succeeds." If they had not been successful, then the efforts of Steven Jobs, Fred Smith, and Jeff Bezos would have been seen as folly and subjected to the exclamation, "Anyone with a brain would have known it wouldn't work." Monday-morning quarterbacking is common for people who have never taken and will never take the entrepreneurial journey.

Entrepreneurs Are Opportunistic and Have Contempt for the Status Quo

Robbie Hardy notes, "Entrepreneurs make things happen because they're not satisfied with what they've seen in the marketplace or there's something they need and can't get."[79] Her attitude was reflected in why Professor Dr. Ing h.c. Porsche created his automobile company. He stated, "You must look beyond what has been done before. … I couldn't find quite the car I dreamed of … so I decided to build it myself." This quality appears to be inherent to the American culture. This country was founded by people who wanted to create a new way of life. The willingness of entrepreneurs to challenge the merit of almost everything, when combined with a recent desire by American consumers to try new products and services, has fostered a culture where opportunistic entrepreneurs can flourish.

Robbie Hardy also echoed the nonconventional nature of many entrepreneurs when she reflected on her years in established organizations before she shed her shackles and became an entrepreneur. She stated, "I was a success in spite of myself when playing the corporate game for 22 years. I knew I thought about things differently, approached problems differently, and didn't get off on the same things."[80]

Contempt for the status quo is evident in what Joseph Schumpeter labeled *creative destruction.* His concept noted that the marketplace evolves when individuals and organizations create new models that replace less effective, existing models. Niccolo Machiavelli noted in his book *The Prince*, "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things." It is apparent that one of the things that sets entrepreneurs apart from the crowd is their commitment to create a new order. Entrepreneurs are marketplace revolutionaries. They look for sacred cows and slaughter them. They change the way the game is played by providing breakthrough innovations or by breaking the rules.

Entrepreneurs Are Open-Minded and Quick to Learn

While an earlier section may have indicated entrepreneurs rely more on themselves than others, this does not mean that entrepreneurs should not solicit others' ideas or isolate themselves from the world around them. The best entrepreneurs make an effort to keep an open mind. They are not like a lot of male drivers who will not ask for advice when they are lost. They make an effort to interact with people who have different viewpoints and perspectives. They are also willing to try new approaches.

Their open-mindedness is also apparent in their willingness to revise their mental models and forecasts because of the uncertain nature of their markets and their limited initial planning. In rapidly changing markets, unforeseeable developments can make previously sound assumptions obsolete.[81]

The best entrepreneurs are quick studies. They know that windows of opportunity will open and close swiftly. They also know that nothing—not consumers or competitors—stands still. Their open-mindedness, perceptiveness, ability to learn, flexibility, and agility enable them to see things before others do and to turn on a dime when the situation calls for new things to do and new ways to do things.

Bob Young, cofounder of Red Hat, also noted that entrepreneurs are thieves. Although Thomas Edison said innovation is 10 percent inspiration and 90 percent perspiration, Young believed innovation is 1 percent inspiration and 99 percent theft! Although Young might not have been advocating actual theft, he did recognize that the solutions to some problems might already exist.

Bob Young observed that many entrepreneurs are also like mental sponges. Their eyes are always open to new ideas. Their ears are always listening for new ideas. Entrepreneurs who have an open mind, who scan the horizon for ideas developed by other people, and are able to develop innovative solutions by synthesizing their ideas may be in a position to capitalize on market opportunities.

Reality Check

No one has the advantage of experience in new and emerging markets. When everything is new, people who cling to old ways of doing business are destined to fail. Entrepreneurs have an advantage over most established organizations when they enter new markets. Established firms not only have legacy systems and assets, they also have legacy mindsets. Entrepreneurs do not have the same shackles. They do not have to sever the past before they journey into the future. When things are new and everything is changing, the ability to learn quickly, to decide quickly, to implement quickly, and to change again quickly can provide considerable competitive advantage. The entrepreneurial dimension was captured in the film *The Carpetbaggers*. When the young entrepreneur was asked what he knew about plastics, he responded he didn't know anything, but in 30 days he would know as much about plastics as anybody.

Entrepreneurs Must Be Focused and Decisive

Entrepreneurship is not for the faint of heart, nor is it for those who have a tendency to be indecisive. Kenneth Olm and George Eddy observed that "the successful entrepreneur is the one who first detects and seizes a profitable opportunity … he may not make a comprehensive market survey, but he'll know when to move boldly and quickly."[82]

Entrepreneurship involves making decisions and taking action. Entrepreneurs know that you don't make decisions to make decisions; you make decisions so you can initiate actions that will help you achieve your objectives. Their vision for what the firm should become and their clear sense of priorities enables entrepreneurs to size up the situation and to make decisions quickly.

Although entrepreneurs must make strategic decisions about the nature of the business, the markets it will serve, and the products and services it will offer, the vast majority of decisions are operational in nature. Some days, life for an entrepreneur resembles life in an emergency room. Entrepreneurship is a lot like triage, where important decisions must be made without the benefit of complete information and the time to do extensive research and analysis. This doesn't mean that entrepreneurs should not be diligent, or systematic, or base their decisions on information. It simply means that entrepreneurs cannot afford to succumb to paralysis by analysis.

Most executives who work in established firms are like economists and meteorologists. Economists love to report all sorts of statistics for what the economy has done, but they are rarely willing to bet their jobs on a forecast. Meteorologists have a similar propensity to avoid making commitments. They may offer a forecast, but few of them would actually bet their jobs on their ability to predict what will happen for each of the next seven days.

The best entrepreneurs know how to balance diligence with their bias for action. The saying, "No more prizes for predicting rain; prizes only for building arks," captures the distinction between analyzing a situation and doing something about it. The best entrepreneurs seem to know when the risk of having the world pass them by is greater than the risk associated with not having complete information. This does not mean they fly by the seat of their pants or rely solely on their gut feeling. They actively seek and use whatever information and techniques may be available, but they know when the time for analysis stops and the decision to start the venture begins.

REALITY CHECK

Starting and running a business involves making thousands of decisions. Some people do not have a track record for making good decisions. When faced with a decision, they either freeze and cannot make a decision or they make bad decisions. In some cases, they didn't even realize that a decision had to be made! If you have trouble making decisions, then you will find the entrepreneurial journey to be a painful one. Paralysis, by analysis, can be fatal in a world that can pass you by while you are still processing data.

Entrepreneurs Must Be Committed

The difference between the willingness to make commitments between entrepreneurs and economists and meteorologists was highlighted in the eggs and bacon breakfast story in the Introduction. Entrepreneurs must make numerous commitments each day. Each commitment creates a responsibility to another person or organization to make something happen. Bill Morris, former president of Holly Ridge Foods, places a premium on personal commitment. He has strong feelings against hiring MBAs. He noted that while most MBAs are willing to commit their employer's funds (other people's money), few of them are willing to ante up and put their own funds on the line.

Entrepreneurs have to be truly committed to making their venture an exceptional enterprise. Commitment is particularly important when things get tough. In those times, it is easy to compromise the integrity of the venture. You will be tempted to cut corners, to make commitments you know you cannot keep, and to hire people you know you should not hire. Howard Schultz, CEO of Starbucks, noted, "You have to have a great tolerance for pain! You have to work so hard and have so much enthusiasm for one thing that most other things in your life have to be sacrificed."[83]

Entrepreneurs must also be able to generate a high level of commitment by the other people in their venture. Ross Garber observed, "Entrepreneurs are wonderfully crazy. Most of the great entrepreneurs that I've known have been a bit nuts. They believe so deeply in their ideas that they never say die. They will work without food, sleep, or money until the market says, 'Yes!' They can motivate a group of employees to believe in what they're doing and will attack competitors as if exacting revenge for an insult to their mother."[84]

REALITY CHECK

The challenges of entrepreneurship put a premium on being mentally and physically fit. You will need to have the courage to do the right things when things get tough. If you are trying to reduce your stress and simplify your life, then do not take the entrepreneurial journey. If you don't have the energy to hang in there when things get tough—and they will—then do not leave the comfort zone of your current job.

Entrepreneurs Must Have Passion and Selling Skills

It should be clear by now that you cannot talk about entrepreneurship without talking about risk. Yet most of the attention has been directed to the risks that entrepreneurs take when they start a new venture. Ironically, any time a new venture is created it creates risk for other people and organizations. Banks and investors may be approached for funding. Suppliers will be approached for various products and services. Distributors will be sought to make the products and services available to consumers. Each of these groups will incur risk when they deal with a new venture.

Two other groups—employees and customers—will also be vulnerable. They take considerable risk when they get involved with a new venture. New ventures succeed to the extent they are able to get people and organizations to change their behavior. The entrepreneur's job involves getting them to take the risk that comes from doing business with an untested venture. The more the entrepreneur can reduce the risk for the other parties, the greater the likelihood they will change what they are doing. In a sense, the entrepreneur must create a situation where Anxiety II is greater than Anxiety I for prospective customers and employees.

The same situation applies to attracting quality people. Prospective employees must find the risk and consequences for not joining the new venture to be markedly higher than the benefits they are receiving in their current jobs. Entrepreneurs must make switching worthwhile and as risk-free as possible for the prospective customers as well. Entrepreneurs need to show prospective customers they have their act together, the venture's offering is markedly better than their current suppliers, and that it is going to be around to meet their needs for some time. The ideal situation would be for prospective customers to feel they would be crazy not to do business with the new venture and that they should drop their current product/service providers in a heartbeat!

Your new venture must give prospective employees a truly compelling reason to quit their present jobs. "Attracting successful, powerful, capable people to work in a new venture takes sales ability and conviction. By their nature, capable people are already gainfully employed and in high demand. Your ability to attract top talent is a function of how committed and passionate you are about the endeavor and how well you're able to communicate that to others. People will not sacrifice their stable lives to come to a venture if the founder doesn't seem committed or sure. They must be sold on the idea that they will realize long-term gain for their short-term sacrifice."[85]

Entrepreneurs Need to Be Persistent, Tenacious, and Resilient

Lazy people cannot be entrepreneurs. Leonard Batterson noted that entrepreneurs "are always working and planning their next move, examining the risks in their decisions, and acting, always acting."[86] Time and again, entrepreneurs have to go the extra mile. Howard Johnson, founder of Howard Johnson Company, observed, "Most projects that fail do so simply because their initiators just do not keep doggedly at them—all too often, they give up just short of the goal."[87]

David Gladstone noted that if you look at the track record of a successful entrepreneur, you will certainly find lucky breaks. He noted, however, that the lucky breaks seem to come when the entrepreneur is exerting a tremendous amount of energy to succeed. Gladstone believes that success can be attributed to 10 percent luck and 90 percent hard work.[88]

The entrepreneurial journey is fraught with peril, and success rarely occurs overnight. Persistence helps entrepreneurs stay the course.[89] Jake Burton, founder of Burton Snowboards, provides a good example of the value of being persistent. He began his entrepreneurial career in the garage of his Londonderry, Vermont, home. He stated, "I came close to bailing several times. If I hadn't been so persistent, it wouldn't have ever happened. In the early days, we had to create demand for the product." By 1999, his firm employed nearly 500 employees.[90]

Manfred F.R. Kets de Vries, a psychoanalyst, has observed, "Many entrepreneurs seem to be driven by a magnificent obsession, some idea, concept or theme that haunts them and that eventually determines what kind of business they choose to be in."[91] This obsession can be healthy if it is kept in balance. John H. Johnson, founder of *Ebony* magazine, indicated that he tried 14 different circulation methods for *Ebony* before he hit on the method that finally put him over the one-millionth mark.[92] His persistence gave him the staying power needed to keep experimenting.

Resilience is different from persistence and tenacity. Resilience helps entrepreneurs go the distance by giving them the ability to recover from setbacks. Resilience helps entrepreneurs pick themselves up when they get knocked down. Persistence helps keep entrepreneurs in the game when others feel overwhelmed by myriad challenges associated with starting a venture. Tenacity helps entrepreneurs find a way when their efforts are blocked. Leonard Batterson noted that even the best-laid plans go wrong. Developing and nurturing of a new technical business is a fragile endeavor. Most companies are at some time in the valley of death.[93]

Jay Van Andel, cofounder of Amway, noted, "Running a business is a matter of pressing on in spite of an unending series of unexpected problems."[94] There will be times when the problems seem like waves crashing against swimmers near the shore. Some people will avoid going into the water because they don't want to get knocked down. Some people will stay in the shallows for a while before retreating to the beach from the relentless waves. A few people look at the onslaught of waves and say, "Bring it on."

Earl Graves, founder of Black Enterprise, noted that entrepreneurs need to have a junkyard dog mentality. He noted, "Like the junkyard dog, they hang on no matter how much they are shaken, cursed, beaten, and kicked because they are focused on the task at hand."[95] Amar Bhidé noted that life for entrepreneurs frequently boils down to the ability to handle various annoyances and setbacks. He indicated that unreturned phone calls, long waits in reception rooms, and canceled appointments are par for the course.[96] Mike McCue, cofounder and CEO of Tellme Networks Inc., noted, "Starting up a business is like being in a long sparring match."[97] Herb Kelleher, who played a key role in the creation of Southwest Airlines, spent years in court battles before Southwest Airlines was able to make its first flight. His legal background and unwillingness to give in to the bullying strategies of a number of major airlines were valuable assets.

Reality Check

Jim Valvano's "Never give up" slogan as Coach of North Carolina State University's basketball team may be inspirational to those who have cancer or may be facing any type of other challenge, but entrepreneurs need to recognize when their persistence has been replaced by bullheadedness. Persistence, tenacity, and resilience can be faults if you are unwilling to let go when something doesn't work or where success just isn't going to happen. When taken to the extreme, they become the basis for a fixation or even an obsession that can control your life. Jeff Schwartz's comments as he reflected on the failure of his Remarkable Moments, shed light into what happens when the entrepreneur's tenacity can backfire—when the entrepreneur is not willing to let go and pull the plug on a venture that is going down—to cut one's losses. At 43, Schwartz had committed the last five years of his life to his venture, which offered framed photographs of athletes that allow the consumer to press a button and hear the athlete's words about the event captured in the picture. Ironically, what bugged Schwartz the most wasn't that he started his venture or that it had failed. He regrets that he didn't pull the plug three years earlier when he started going without paying himself, before he had burned another $100,000 of his own money, before his wife quit the PTA and other community activities because of the business's demands, before he had raided his kids' college funds."[98]

Entrepreneurs Need to Be Aware of the Impact They Have on Their People

The best entrepreneurs are connoisseurs of talent. They recognize their own shortcomings and surround themselves with people who bring strengths to the firm. Entrepreneurs also need to create an environment where people can flourish. New ventures grow to the extent their entrepreneurs attract people with various perspectives, encourage the free exchange of ideas, welcome constructive criticism, and nurture the entrepreneurial spirit. Batterson noted, "Working within an entrepreneurial company can be hazardous, particularly if the entrepreneur does not allow the same degree of freedom and creativeness to his employees as he himself demands."[99]

Some people are great at creating ventures. Other people are great at growing emerging ventures. "Great entrepreneurs make lousy managers. They tend to be horribly impatient and don't let people in the organization act on their own. Their energy and passion turns outsiders into believers, but it scares people on the inside. They problem-solve out loud and then watch helplessly as their organization reacts by going to work on each hare-brained idea. If this sounds like you, congratulations. Now let go so your company can take off."[100]

Entrepreneurs Should Use the Talents of People Outside the Firm

Robbie Hardy stresses the importance of getting advice from outside the firm. According to Hardy, "I think a lot of business people take their advisors and service providers for granted. But forging strong partnerships with your accountant and attorney is really important, because they provide that third dimension. They are key to your success, and you should treat them as well as you do the others in your company."[101]

In addition to her service providers, Hardy packed her board with people from outside the company. She believes outside members will reduce the tendency for management to have a myopic perspective. She noted, "These people can keep you out of trouble. They ask a lot of questions because they don't know your business. And that's what makes them so valuable. They give you an outside perspective even when you don't want to hear it … Boards keep you honest."[102] She also created a technical advisory board to keep a keen focus on real-world requirements for system management capabilities. The board provided technical guidance to the Intrasoft development team on product direction and features, as well as feedback.[103]

Never Underestimate the Value of Experience

People who are embarking on the entrepreneurial journey for the first time should make every effort to have experienced people on their management team. People with experience can help the venture hit the ground running. They should also make every effort to select people with experience to serve on their advisory boards. Experience is like a sixth sense. It gives people the ability to read between the lines and to see what is missing in a situation. They may also have foresight into what may be over the horizon, see around corners, and see walls before they appear.

First-time entrepreneurs also should seek the counsel of successful entrepreneurs. People who have started a number of successful ventures can help you reduce the need for trial and error. They can help you get it right the first time. They know there are times that require immediate action and they know there are times for patience. They know there is never a wrong time to hire the right person. They know if the right person walks in the door, you hire him or her even if you don't have a position for him or her at that time. They know job descriptions can constrain workers. They know everyone in the firm needs to view himself or herself as vice-president of customer relations.

Veteran entrepreneurs also know you need to expect the unexpected. They know that Murphy's Law, "Whatever can possibly go wrong will—and at the most inopportune time," is a fact of entrepreneurial life. They have learned that things take longer than you expected. They have learned that suppliers don't always ship what you ordered. They have learned that contractors rarely meet deadlines. They have learned that the accounts with the most money frequently are the hardest ones to collect from and the slowest to pay. They have learned that you never have all the money you need to do the things that need to be done. Although it is impossible for veteran entrepreneurs to know about everything that can affect your venture, they can help you keep your venture out of the "I wish I had known …" minefield.

CONCLUSION: I DO NOT HAVE SUPERHUMAN POWERS!

This chapter identified various entrepreneurial qualities and challenges. It should be recognized, however, that the requirements will vary with the type of venture being created. Each market and each venture will require certain skills, qualities, and resources. Service firms may require considerable interpersonal skills for employee and customer relations. Manufacturing firms may require considerable technical skills. Firms that are created to serve emerging markets or "operate at the edge" require different skills than firms that operate in more mature industries. The primacy of skills will also vary with the stage of evolution for the venture.

Chapters 3 through 7 will address the need for "goodness of fit" between the entrepreneur's (or entrepreneurial team's) skills, capabilities, and resources and the challenges associated with the specific venture that is being considered. If you are feeling a little inadequate right now, then don't be discouraged. Remember, no person has all these qualities. Olm and Eddy noted, "The entrepreneur must realize at the onset when the enterprise requires more skills than he possesses, and not try to go it alone. He should not deceive himself that he will be able to figure it out later."[104] Entrepreneurship involves more than creating a new venture; it also involves creating a management team. This is why it is so important for you to attract people who will supplement your skills and capabilities.

Your team's skills and capabilities and your venture's resources represent the basis for establishing the competitive advantages that represent the lifeblood for any business—especially a new venture. If you can't do it better, quicker, cheaper, or in a more convenient manner than your competitors, then how do you expect to create and maintain customers?

To every man there comes in his lifetime that special moment when he is figuratively tapped on the shoulder and offered that chance to do a very special thing, unique to him and fitted to his talent; what a tragedy if that moment finds him unprepared or unqualified for the work that could have been his finest hour.

—Winston Churchill

ENDNOTES

1. Leonard A. Batterson, *Raising Venture Capital and the Entrepreneur* (Englewood Cliffs, NJ: Prentice Hall, 1986), p. 109.
2. Amy Lingren, “Questions for Budding Entrepreneurs,” *Wilmington Star-News,* March 23, 1997, p, 3-E.
3. *Forbes: Great Minds of Business* (New York: John Wiley & Sons, 1977), p. 49.
4. Anthony B. Perkins, “Greed and Lack of Management Plague Our ‘New Economy’,” *Red Herring*, December 1999, p. 21.
5. Jason Pontin, “Affluenza,” *Red Herring*, January 2000, p. 320.
6. Justin Hibbard, “For Love or Money?,” *Red Herring*, January 2000, p. 114.
7. Ibid.
8. Wilson Harrell, “Swapping Principle for Profit Will Not Pay Off in the Long Run,” *Atlanta Business Chronicle*, January 31, 1997, p. 1D.
9. Joseph H. Boyette and Jimmie T. Boyette, *The Guru Guide to Entrepreneurship* (New York: John Wiley & Sons, 2001), p. 16.
10. “The Wit and Wisdom of Ted Turner,” *Across the Board*, July–August, 1997, p. 13.
11. Hattie Bryant, “Start-up Smarts,” *Success*, April 1997.p. 45.
12. Anthony B. Perkins, “The Pussification of Silicon Valley Continues,” *Red Herring*, December 1998, p. 14.
13. John Sculley, *Odyssey* (New York: Perennial, 1987), p. 90.
14. Tom Monaghan, *Pizza Tiger* (New York: Random House, 1986), p. 7.
15. Batterson, *Raising Venture Capital and the Entrepreneur*, p. 101.
16. Ibid., pp. 101 and 102.
17. David Gladstone, *Venture Capital Handbook* (Englewood Cliffs, NJ: Prentice Hall, 1988), p. 63.
18. Kenneth W. Olm and George G. Eddy, *Entrepreneurship and Venture Management* (Englewood Cliffs, NJ: Prentice Hall, 1985), p. 41.
19. Heather Page, “High Hopes,” *Entrepreneur*, March 1999, p. 132. Reprinted with permission of Entrepreneur Media, Inc.
20. Lingren, “Questions for Budding Entrepreneurs,” p. 3-E.
21. Debra Phillips, G. David Doran, Elaine Teague, and Laura Tiffany. “Young Millionaires,” *Entrepreneur*, November 1998, p. 125. Reprinted with permission of Entrepreneur Media, Inc.
22. Public Television Special featuring Bill Gates and Warren Buffett.
23. Ibid.
24. Phillips, Doran, Teague, and Tiffany. “Young Millionaires,” p. 125. Reprinted with permission of Entrepreneur Media, Inc.
25. John Wall, “Familial Flush,” *Insight*, vol. 6, 1997, p. 68.
26. Joan Jackson, “Invention Taught Her She’s a Ms Fields, Not an Edison,” *San Jose Mercury News*, December 20, 1996. p. 5F. Copyright 2002 © San Jose Mercury News. All rights reserved. Reproduced with permission.
27. Ibid.
28. Ibid.
29. James Sheldon and Burt Alimansky, “8 Demons of Entrepreneurship,” *Success*, March 1986, p. 57.
30. Joseph R. Mancuso, “Profile of a Winner,” *Success*, December 1985, p. 14.
31. Lesley Hazleton, “Jeff Bezos,” *Success*, July 1998. p. 60.
32. Margot Carmichael Lester, “1997 Top Gun,” *Business Leader*, January 1998, pp. 16–22.
33. Hazleton, “Jeff Bezos,” p. 60.

34. Ibid.
35. Ibid.
36. Ibid.
37. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 54.
38. Jeffrey A. Timmons, "Growing Up Big: Entrepreneurship and Creating High-Potential Ventures," *Texas A&M Business Forum*, Fall 1985, p. 11.
39. Scott Smith, "Grounds for Success," *Entrepreneur*, May 1998, p. 123. Reprinted with permission of Entrepreneur Media, Inc.
40. Kristen Tyler, "An Entrepreneur's Dream: One Company and Two Liquid Events," *Business Leader*, January 1999, p. 28.
41. Rob Ryan, *Smartups: Lessons from Rob Ryan's Entrepreneur America Boot Camp for Start-Ups* (Ithaca: Cornell University Press, 2001), p. 27. © 2001 by Rob Ryan. Used by permission of the publisher, Cornell University Press.
42. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 53.
43. Ryan, *Smartups: Lessons from Rob Ryan's Entrepreneur America Boot Camp for Start-Ups*, p. 15.
44. Ibid.
45. Ibid., pp. 16-26.
46. Ibid., p. 19.
47. Richard Murphy, "Michael Dell," *Success*, January 1998, p. 50.
48. *60 Minutes* interview, CBS, February 3, 1999.
49. Wilson Harrell, *For Entrepreneurs Only* (Hawthorne, N.J.: Career Press, 1994), p. 18.
50. Ibid., p. 19.
51. Stephen Rebello, "Visionaries," *Success*, February 1998, p. 39.
52. Mark Van Osnabrugge and Robert J. Robinson, *Angel Investing* (San Francisco: Jossey-Bass, 2000), p. 16. Copyright © 2000, Jossey-Bass. This material is used by permission of John Wiley & Sons, Inc.
53. Richard Murphy, "Michael Dell," *Success*, January 1998, p. 52.
54. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 29.
55. Hazleton, "Jeff Bezos," p. 60.
56. A. David Silver, *Entrepreneurial Megabucks: The 100 Greatest Entrepreneurs of the Last 25 Years* (New York: John Wiley & Sons, 1985), p. 17.
57. Megan McCorriston and Dina Ingber Stein, "20/20 Foresight" *Success*, February 1998, p. 48.
58. Charles Burck, "The Real World of the Entrepreneur," *Fortune*, April 5, 1993, p. 62.
59. Stephen Rebello, "Visionaries," *Success*, February 1998, p. 39.
60. Amar V. Bhidé, *The Origin and Evolution of New Business* (New York: Oxford University Press, 2000), p. 19.
61. Ibid., pp. 59 & 60.
62. Ibid., p. 7.
63. Ibid., p. 6.
64. Ryan, *Smartups: Lessons from Rob Ryan's Entrepreneur America Boot Camp for Start-Ups*, p. 27.
65. C-SPAN "American Perspectives," May 19, 2001, *www.c-span.org*.
66. Bhidé, *The Origin and Evolution of New Business*, p. 89.
67. Ibid., p. 19.
68. Ross Garber, "Founder Knows Best and Other Startup Myths," *Red Herring*, January 2000, *www.redherring.com*.
69. Sheldon and Alimansky, "8 Demons of Entrepreneurship," p. 56
70. Manfred F.R. Kets de Vries, "The Dark Side of Entrepreneurship," *Harvard Business Review*, November–December 1985, p. 162. Reprinted by permission of *Harvard Business Review*.

71. Boyette and Boyette, *The Guru Guide to Entrepreneurship*, p. 33.
72. Howard Schultz and Dori Jones Yang, *Pour Your Heart into It: How Starbucks Built a Company One Cup at a Time* (New York: Hyperion, 1997), p. 332.
73. Mancuso, "Profile of a Winner," p. 14.
74. Desh Deshpande, "A Joyful Sleeplessness Says You're Ready," *Red Herring*, November 13, 2000, p. 240.
75. Boyette and Boyette, *The Guru Guide to Entrepreneurship*, pp. 30 & 31.
76. Batterson, *Raising Venture Capital and the Entrepreneur*, p. 102.
77. Bob Thomas, *Building a Company: Roy O. Disney and the Creation of an Entertainment Empire* (New York: Hyperion, 1998), p. 190.
78. Hazleton, "Jeff Bezos," p. 60.
79. Carmichael Lester, "1997 Top Gun," pp. 16–22.
80. Ibid.
81. Bhidé, *The Origin and Evolution of New Business*, p. 99.
82. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 41.
83. Scott Smith, "Grounds for Success," *Entrepreneur*, May 1998, p. 126. Reprinted with permission of Entrepreneur Media, Inc.
84. Ross Garber, "Founder Knows Best and Other Startup Myths," *Red Herring*, January 2000, *www.redherring.com*.
85. Deshpande, "A Joyful Sleeplessness Says You're Ready," p. 240
86. Batterson, *Raising Venture Capital and the Entrepreneur*, p. 107.
87. Timothy Patrick Cahill, *Profiles in the American Dream: The Real-Life Stories of the Struggles of American Entrepreneurs* (Hanover, MA: Christopher Publishing House, 1994), p. 37.
88. David Gladstone, *Venture Capital Handbook* (Englewood Cliffs, NJ: Prentice Hall, 1988), p. 256.
89. Christopher, D. Lancette, "Wide World of Sports," *Entrepreneur*, February 1999, pp. 142 and 144. Reprinted with permission of Entrepreneur Media, Inc.
90. Ibid.
91. F.R. Kets de Vries, "The Dark Side of Entrepreneurship," p. 160.
92. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 41.
93. Batterson, *Raising Venture Capital and the Entrepreneur*, p. 123.
94. Jay Van Andel, *An Enterprising Life: An Autobiography* (New York: HarperBusiness, 1998), pp. 16–18.
95. Earl Graves and Robert Crandall, *How to Succeed in Business Without Really Being White: Straight Talk on Making it in America* (New York: HarperBusiness, 1997), pp. 123–126.
96. Bhidé, *The Origin and Evolution of New Business*, p. 106.
97. "First Impressions," *Fast Company*, June 19, 2001.
98. Jerry Useem, "Failure: The Secret of My Success," *Inc.*, May 1998, p. 68.
99. Batterson, *Raising Venture Capital and the Entrepreneur*, p. 106.
100. Ross Garber, "Founder Knows Best and Other Startup Myths," *Red Herring*, January 2000, *www.redherring.com*.
101. Carmichael Lester, "1997 Top Gun," January 1998, p. 21.
102. Ibid., p. 22.
103. Ibid., p. 21.
104. Olm and Eddy, *Entrepreneurship and Venture Management*, p. 53.