

Essential Entrepreneurial Qualities and Capabilities

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Summary: I Do Not Have Superhuman Powers!

How to Start?

Analysis of entrepreneurial preparedness is the first step in the New-Venture Creation Process.

You should find out and decide if you are ready to become an entrepreneur.

Important issues:

- you should take a good look at your **skills and capabilities**,
- you should identify the skills and capabilities needed to start a venture, **this particular venture**,
- you should identify **gaps between what you have and what is needed** (between first and second areas),
- you should identify **areas that you can improve**,
- you should identify areas where other persons will need to be involved to **supplement your skills and capabilities**.

Step 1: Know Thyself - Introspection

1. What is my **motivation and aspiration**? (why you want to start a venture? For fame, fortune, to be your own boss, to have a sense of fulfilment),
2. What are my **goals**? (income – how much and in what time period, independence – define what it means for you).
3. **What I am willing to give up**? (friendship, family life, free time, vacations, dignity, professional status, physical comfort – you will need do everything from managing business, transporting goods to cleaning bathrooms),
4. What is my **work style**? (do you like to work with a team or by yourself? - to be happy you must choose the type of company you will create and run based on that),
5. What is my **timeline**? (if you unemployed you may need an income as soon as possible, if you have a job and you want to switch give you more comfort; in any case develop a calendar of activities to have timeline and to see if you are missing steps),
6. What is the **budget**? (you need to look at your personal expenses, your budget should reflect your first few months of business).

Potential entrepreneur need to decide if the venture is what they want to do with their time and their life more than any other thing.

Your Motives

Entrepreneurs are driven by various motives. Some want to make quick money, others want to change the world.

If your primary drive is to make money you are probably among a small group of entrepreneurs. In this case you will compromise key issues and cut many corners.

If you want to build a great business, direct your time, attention, and resources to provide innovative products and services and create an environment that will attract and reward outstanding talents.

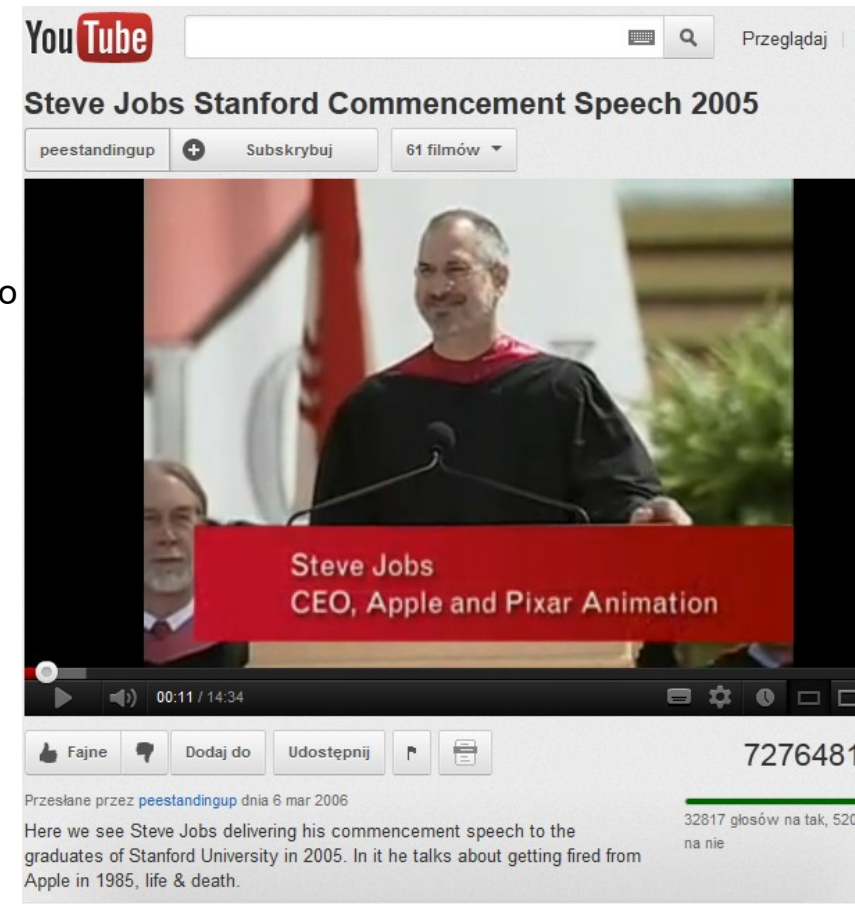
And make sure your company has a system that fosters great performance.

Task for you:

Watch Steve Jobs Stanford Commencement Speech 2005 on YouTube

from here: https://www.youtube.com/watch?v=Hd_ptbiPoXM

or from here (with text) <https://www.youtube.com/watch?v=1i9kcBHX2Nw>



Show Me the Money

Many entrepreneurs fail because they are not entrepreneurs in the first place.

“Money come to those who do business for love” J.Hibbard, “For Love or Money”

“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”

W. Harrel in “Swapping Principles for Profit Will Not Pay Off in the Long Run”, 1997.

“Having great wealth is overrated. Average sex is better than being a billionaire.” Ted Turner, CNN

“Life is too precious to be wasted in doing things you don't love”. Tom Monaghan, founder of Domino's Pizza

Is There a Good Age to Be an Entrepreneur

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.

Venture capitalists believe entrepreneurs should be between the ages of **30 and 45**.

Younger – lacks management experience or knowledge needed to conduct a strong growing company

Older – usually means he/she has the experience but lack the drive and ambitions.

but

Life is too short to wait.

If you have the right skills, surround yourself with good people, have identified a great opportunity and can collect sufficient resources, then it is time to **seize the moment**.

Task for you:

Print the page and enter in the table below your strengths and weaknesses, and what you can/want to improve and where you need help/support.

Introspection - My mirror test – my preparedness for entrepreneurship

<p>My strengths</p> <ul style="list-style-type: none">•••••••••	<p>My weaknesses</p> <ul style="list-style-type: none">•••••••••
<p>What I can/want to improve</p> <ul style="list-style-type: none">•••••••••	<p>Where I need help/support. What I need to supplement</p> <ul style="list-style-type: none">•••••••••

Step 2: Develop the “Entrepreneurial Profile”

The entrepreneurial profile represents **a job description for the person who plans to start and manage a business.**

Similar as applying for the job of being an entrepreneur – a resume and a cover letter; profile your skills, capabilities and experience needed to attract quality people and capital

- it forces you to document what you have to offer,
- you will need this type of information to provide for investors and bank when seeking external funding.

Highlights **important skills, capabilities and experience.**

The requirements may be different for different types of ventures in different markets, but certain attributes are essential for most entrepreneurial journeys.

We shall spend rest of our lecture to highlight qualities that are important for business success.

Step 3: Identify the “Entrepreneurial Gaps”

Three types of gaps:

1. **Personal qualities gap** – whether certain **facets of your personality will be assets or liabilities** for your venture; gap between who you are and what is needed/best to start and lead new business - attitudinal, behavioural and perceptual factors (e.g. be in control or delegate, commitment to excellence, etc.)
2. **Specialization gap** – **gaps in business skills**; as entrepreneur has to spend his/her time on managing the whole venture narrow specialization (from school or your previous job) can be a problem; this especially relates to high-tech start-ups (dual role as CEO and CTO, difficult to keep balance; may be you should be a member of management team but not CEO)
3. **Market knowledge gap** – when your new venture is in different industry than your professional background; you have to learn about the uniqueness and dynamics of the marketplace, market practices, competitors. Knowledge and insights play a key role in venture success. **Most markets have little mercy for newcomers** (your trial-and-error approach will take time which you may not be granted by the markets).



The greater the difference between where you have been and where you are going, the greater the risk of making mistakes. Know your shortcomings and do something about them – or do not start your business

Step 4: Bridge the Entrepreneurial Gaps

Entrepreneurial **gaps are inevitable**. No individual can have all the knowledge and expertise needed in a new venture. Most successful entrepreneurs still have gaps.

No venture would ever be started if everyone waited until they have

- adopted and internalised every personal quality,
- developed expert-level knowledge in every functional area of business,
- gained extensive first-hand knowledge of the targeted industry/market.

You decided **which skills you will need to develop** immediately, which you will strengthen over the course of owning your business.

You should also ask yourself **if you really want to learn those things**. If you don't - consider staying where you are or using your talents as a member of the management team rather than being venture's CEO.

Remarks:

One's **personality might be the most difficult area to change**. It is a product of a lifetime experience. Some part of your personality may even be affected by genetic factors.

If, even with psychoanalysts sessions, you cannot change your personality, **find a place in your business where your personality can be an asset** rather than a liability.

For some people that place is not an entrepreneurial place.

Step 5: Supplement Your Skills and Capabilities

The era of entrepreneur who acts solo is coming to an end.

You may be a driving force in creating a venture but you will need an exceptional **team** to build an exceptional venture.

Create a vision that will **attract talented people**.

No person has all the qualities needed for new venture, nor could anyone be expected to develop them.

Know your weaknesses and compensate for them. Surround yourself with personnel who possess the abilities you lack.

Warren Buffett: **“Supplement your circle of competences”**. Bill Gates: **“Do not surround yourself with people who are just like you”**

Your people will play a critical role in establishing competitive advantages and keep all the areas of company's operations in balance

Have people who will play reality-orientation role (usually board of directors or chief financial officer). If you are optimist then you need to have someone in you staff who will keep you feet on the ground. If you are a “concept” person who likes to deal with big picture (what is strategically important) you need to give people who thrive on the details, as venture's success depends on quality execution.

Make every effort that from the beginning you **have diversity of personalities in you business**, who will make for a rich salad.

If you cannot afford to hire people with qualities you need to be sure **systems** are established to supplement your skills and personality (planning software, database systems, accounting software, payroll software, etc.).

Personal Qualities That Can Make a Difference

There is no single personality profile of successful entrepreneurs.

Entrepreneurs come in **all shapes and sizes**, have **different level of education** and **business experience**: Bill Gates - Microsoft, Steve Jobs - Apple, Jeff Bezos - Amazon, Michael Dell – Dell Computer, Fred Smith – FedEx, Richard Branson – Virgin Atlantic Airways, Virgin Records ... - in some dimensions they are different in some similar.

Entrepreneurs do not need to have superhuman powers. They are however **multifaceted as a diamond**.



We shall concentrate on various personal qualities and capabilities that can enhance chances of a new venture for success.

Entrepreneurs Do Not Have To Be Inventors

The Inventor, the entrepreneur, the leader, and the manager – they all have different roles.

Entrepreneurs do not have to be inventors. Inventor myth – many people do not start their own business because they have not invented breakthrough product or service.

The world is full of people with their needs not met and full of inventors, who come up with fascinating products and services.

Entrepreneur adds value to the marketplace by finding a way to bring those two groups together for a profit.

In some cases entrepreneurs don't have to be innovative at all, but in general it is good if they have some degree of innovative ability.

Entrepreneur – is like the role played by **conductor** of the symphony orchestra.

Symphony conductors do not play the instruments but they create an environment for beautiful music.

There are dozens of entrepreneurs who identified a market gap and relied on the inventive talents of others to develop the products, services, or systems for filling that gap.

Universities have a lot of inventions to license!



Entrepreneurs Do Not Have To Be Inventors, cont.

Inventors

- rarely become successful entrepreneurs; **most inventors lack business skills and capital needed** to take their invention to the market,
- tend to **fall in love with their inventions**, and **lack the objectivity** needed to determine the invention's true value,
- are **not willing to let anyone else have their piece of action**; they want manufacture, control marketing, etc. to have 100% of the profits for their blood, sweat, and tears: that's why many marketable inventions are never launched,
- are **unwilling to sell or licence** their product to an entrepreneur or an existing firm; everyone loses in this situation,
- **underestimate what is involved in taking their idea to the market**; nothing is ever as simple as it seems (not just idea but also design, license, permits, product insurance, business and marketing plan, distribution network, support service, etc),

Inventors may suffer the same shortcomings as perfectionists. In particular

- they **drive to perfection** will not let them to launch the product until it is perfect, however **quality is defined by consumer expectations not the inventor**; inventor wants to improve it invention not to do the business as a business,
- the product has to meet needs not being met at all or well enough in the marketplace; **it dose not matter how innovative the product is and how many patents it has**; if it does not appeal to the market, when it will die of neglect.
- they tend to be **very secretive, even paranoid**; they are are afraid they idea will be stolen,
- they are **reluctant to spend money on promoting their products** (“if we build it, people will come” concept); without sales you do not have a business.

Scientists can be included to the inventors group as their behaviour is very much similar.

Entrepreneurs Need To Be Entrepreneurs

While inventors fall in love with their inventions, **entrepreneurs tend to fall in love with the prospect of creating a business to capitalise on a market opportunity.**

Perceptiveness and resourcefulness set entrepreneurs apart from inventors and dreamers. Perceptiveness includes abilities to sense **timing**, to **identify opportunities** when they are just beginning to emerge.

Joseph Mancuso, Centre for Entrepreneurial Management:

“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.”

You can't know and do everything. There are too many issues to address. That is why entrepreneurial teams are so important.

Entrepreneurs who are masters at developing new ventures surround themselves with people, form **internal entrepreneurial teams** and provide them with the resources to run free. Their firms become “incubators” for new products and services.

The best entrepreneurs are connoisseurs of talents. They know that team is everything. It is important to know what people can do best and empower them to make the most of their talents, share responsibility and power.

Do not expect each member of the entrepreneurial team to be as committed as you. Some persons may lose interest, may not be willing or able to commit additional time and money into the business. Consider individual treatment and understanding.

Entrepreneurs Need To Be Leaders

Leadership can be defined in many ways.

There are very many publications, which concentrate on leadership and its importance for creation and development of business.

As the new venture's leader the entrepreneur make the enterprise come alive.

Entrepreneurs as leaders

- need to take the **long view**,
- see the **big picture**,
- establish a clear set of **priorities**,
- **build a team**, bring together a talented and diverse group of people,
- attract members of the team by giving the the opportunity to create something important, **inspire** people to do things they have never done before,
- make sure the firm is moving ahead.

Sometimes the entrepreneur as a firm's leader need to demonstrate brutal evaluation of situations and decisions:

“We don't do this and that; we are going to concentrate exclusively on those things.”

Entrepreneurs Need To Be Managers

Jeff Bezos – Amazon.com:

Ideas are easy – It is execution that is hard.

We could come up with a hundred good ideas within an hour, but the hard part is making them work.

Managers do not have such a celebrity status as inventors, entrepreneurs, and business leaders.

Managers play crucial role in the success of a new venture. They

- design systems and monitor operations to make sure things go smoothly,
- make sure quality is up to standards, expenses are within budget and deadlines are met,
- make sure the company gets the optimal use of its limited resources,
- in general manage day-to-day operations.

High quality management is essential for a new venture from its inception.

Entrepreneurs need to have strong managerial skills or acquire talented managers for their new venture.

Good management is critical for the firm's growth. It is also first company element investors assess. No lender will agree to finance a venture that is understaffed in needed skills.

Entrepreneurs Have a Vision for What Can Be

Most successful entrepreneurs are driven by a vision for what is possible.

George Bernard Shaw: **“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.

Although some people have the courage to take the road less travelled, **entrepreneurs with vision are willing to take the road yet to be travelled.**

Stephen Rebello of *Inc.* magazine:

“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, ... become big names”.

Ray Krock – McDonalds – vision of what was possible with drive-in restaurants,

Thomas Monaghan – Domino's Pizza – vision for delivery of pizza,

Fred Smith – Federal Express – vision for overnight delivery,

Howard Schultz – Starbucks – vision for a place people could go each day for a break from office.



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, **how the situation may develop**.

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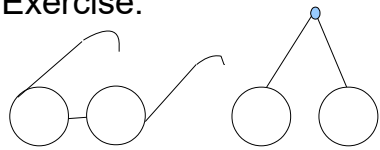
Thomas A. Edison in his diary, July 12, 1885:

I admire operation of my mental kaleidoscope, which I use for creation of new combinations of ideas.

Edison's elements of kaleidoscope thinking:

- **Maintain a notebook**, where you can collect your ideas and review them when needed,
- **Practice ideaphoria**, generate ideas using associations, comparisons and fantasies, (Edison: 48 concepts for a device),
- Discern patterns, asking a question “**Have I ever seen that?**”,
- **Express ideas visually**,
- **Explore the roads not taken**.

Exercise:



Ideophoria – creative thinking exercise

Before starting the exercise, read the following instructions.

On the basis of each pair of circles, please draw an object whose elements are these two circles.

1. First draw 10 objects and write down the time in which you managed to do it.
2. Draw another 10 objects and again save the time to create these 10 ideas.
3. Draw the next objects until 20 minutes have passed from the beginning of the exercise ..
4. Count how many objects you have created (the quality of the drawing does not matter).
5. Think about the process of inventing objects and searching for them. Was it the same at the beginning and end of the exercise? When was the creation of objects easier and when more difficult?

Entrepreneurs Are Venturesome

Few dimensions of entrepreneur are as important as the **ability to take initiative**.

Entrepreneurs are modern-day explorers: must be prepared to enter doors of uncertainty, to **travel unmarked paths**.

Entrepreneurs are willing to boldly **go where no one has gone before**.



Jeff Bezos: “I am entranced by the idea of impossible (being) achieved”.

Entrepreneurs See Opportunities Where Others See Problems

Kaleidoscopic perspective also applies to **seeing opportunities where others see problems** or nothing at all.

Akio Morita, cofounder of Sony Corp. enjoyed telling story about **two shoe salesmen in Africa**.

Two salesmen find themselves in Africa. The first calls back to head office:

'There are no prospects for sale. Natives don't wear shoes! The other calls: 'No one wears shoes here. We can dominate the market. Send all possible stock.'"

Sometimes entrepreneurs see opportunities that are right in front of them and others.

Entrepreneurs Live at the Edge

When entrepreneurs go where nobody has gone before, they operate where **there are no experts, no paths, no certainties, no maps**, no trade associations, etc. **They are at the edge**.

When you are at the edge **you do not have a lot of data for making decisions**. You have to take a leap of **faith** due to absence of complete information.

Entrepreneurship is like living a life **without a safety net**, where misjudgements are punished ruthlessly.

The best entrepreneurs are not risk seekers, but they know risk is something that comes with the business.

Fragile nature of new ventures also create a sense of urgency where time is of the essence.

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

Entrepreneurs approach challenges on their roads with mentality “**Failure is not an option.**”

Investors look for entrepreneurs who can marry a good idea to good business practices, follow through those practices, make mistakes, and overcome them without letting those mistakes bury them.

Entrepreneurs Thrive in Times of Uncertainty

Times of great changes are also times of uncertainty. Uncertainty implies risk, because you are not sure what is possible and what probabilities of various possibilities may be.

Some people freeze when faced with uncertainty. Most people try to reduce or eliminate uncertainty by collecting more information.

Entrepreneurs capitalise on change by acknowledging the ambiguity, accepting the risk and seizing the moment. They know that **opportunity is always present in the midst of crisis, turbulence, and change**. This is a moment of chances.

They know that 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 that they need to take whatever information is available, do a quick analysis of it, make assumptions for what could be and then make a timely decision.

Entrepreneurs don't know what works until they actually try it. If you spend more time on analysis you may miss the objective as others, your competitors are working, too.

It is better to be “roughly right” than to consume time developing analytically correct but slow answer.

Entrepreneurs Have a Tolerance for Turbulence

Entrepreneurs need to be **able to deal with turbulence** that comes with times of change and uncertainty. They don't just cope with it; they deal with it in a proactive manner. Entrepreneurship involves thriving in turbulence. **Change is what brings opportunity.**

Entrepreneurs need to keep **cool when things get rather chaotic** (like in combat).

Savvy entrepreneurs know **there are times to follow procedures and there are times to break the rules**. Changing times often call for organised chaos.

Entrepreneurs go fast. They **execute parallel-processing** of more thoughts in a moment than most people do in a day. They don't just manage companies; they race their visions into reality.

If you are **perfectionist**, then you will have to recognise that perfection in times of turbulence can be like a **straightjacket**. New ventures thrive on experimentation and improvisation. Nothing is going to send start-up to the bottom faster than perfectionism. The day-to-day process of running new business is never orderly.

You have to trust people. If you believe you can do everything better or you feel you must check and recheck everything you will undermine your people and jeopardise your venture's success.

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 to care less about what other people think**.

Confidence plays a key role – you have to believe you can make things happen, deal with the barriers that stand between you and the fulfilment of your vision.

Confidence – two dimensional: 1) **believe in oneself**, and 2) **believe in one's venture**. Negativism of others strengthens their resolve

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 usually has its roots in competence. Prior success, confidence and the ability to sell are absolutely vital to becoming an entrepreneur.

Entrepreneurs see opportunity in every problem and seek a solutions. They often **don't know that something cannot be done**, so they don't know they can't do it. Entrepreneurs succeed when **others won't even try**. They rarely consciously consider the possibility of failure. They are engaged in creating the future.

The risks associated with Anxiety II help to explain why people start ventures. Entrepreneurs see the opportunity that would be lost if they failed to seize the moment. Steve Jobs, Bill Gates and others did not consider their ventures to be very risky.

Mark Twain: **“The man with a new idea is crank – until the idea succeeds.”**

Entrepreneurs are Opportunistic and have Contempt for the Status Quo

Entrepreneurs make things happen because they are not satisfied with what they have seen in the marketplace or there is something they need and can't get.

Professor **Porsche**, who created his automobile company:

“You must look beyond what has been done before ... **I couldn't find the car I dreamed of ... so I decided to build it myself**”;
the same with Henry Ford.

Contempt for status quo is evident in what Joseph **Schumpeter** labelled **creative destruction**. The marketplace evolves when individuals and organisations create new models that replace less effective, existing models.

Niccolo Machiavelli in “Prince” (1513),

“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.”

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 existing rules.

Entrepreneurs Are Open-Minded and Quick to Learn

The best entrepreneurs make an effort to keep an open mind:

- they interact **with people who have different viewpoints** and perspectives,
- they are willing to **try new** approaches
- they are **willing to revise their mental models and forecasts** (because of uncertain nature of the markets and limited initial planning)
- they scan horizon for ideas developed by other people and are able to develop **innovative** solutions by synthesizing their ideas and capitalise on market opportunities.

Entrepreneurs are like **mental sponges**. Their **eyes** are **always open** to new ideas, their **ears** are **always listening** for new ideas.

The best entrepreneurs are quick to learn.

It is of special importance 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.

Entrepreneurs Must Be Focused and Decisive

Entrepreneurship involves **making decisions** and taking actions that will help to achieve business objectives.

Vision for what firm should become and clear sense of priorities enable entrepreneurs to **make decisions quickly**.

Although entrepreneurs must make strategic decisions about the nature of business, the markets it will serve, products and services it will offer, the vast majority of decisions are of operational nature. Some days **resemble life in an emergency room**.

Entrepreneurship is in a sense like triage, where important decisions must be made without extensive research and analysis, and without the benefit of complete information.

It does not mean that entrepreneurs should not be diligent, or systematic, or base their decisions on information. It just means entrepreneurs cannot afford to succumb to paralysis by analysis (the risk of having the opportunity pass them by).

“No more prizes for predicting the rain; prizes only for building arks” - captures the distinction between analysing the situation and doing something about it.

Remark:

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 cannot make a decision or they make bad decisions. In some cases they even did not realise that a decision had to be made. If you have troubles with making decisions, you will find the entrepreneurship to be very painful.

Paralysis, by analysis, can be fatal in a world that can pass you by while you are still processing data.

Entrepreneurs Must Be Committed

Entrepreneurs make **numerous commitments each day**. Each commitment creates a **responsibility to another person** or organisation to make something happen.

Premium on personal commitment and strong feelings against hiring MBAs (most MBAs are willing to commit their employer's money, few of them are willing to put their own funds on the line).

Commitment is particularly important when things get tough. It is then 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 Shultz, CEO, Starbucks: “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 will be sacrificed.”

Entrepreneurs must also be able to generate a high level of commitment by the other people in their venture.

Ross Garber, *Red Herring*:

“Entrepreneurs are wonderfully crazy. ... They will work without food, sleep, or money until the market says, Yes!”

Remark:

You should be mentally and physically fit for entrepreneurship. If you want to reduce your stress and simplify your life, if you don't have the energy to work hard when things get tough – and they will – do not leave your comfort zone, wherever you are.

Entrepreneurs Must Have Passion and Selling Skills

When a new venture is created it creates risks for other people and organisations.

Entrepreneurs must sell on the idea of a venture to many partners, and to make them realize long-term gain for the short-term sacrifices:

- to **banks and investors** when searching for funding,
- to **distributors** to make the products and services available to consumers,
- to **employees**, that people in a new venture will have higher benefits than they are receiving in their current job, so they will have a truly compelling reason to quit and join a new venture,
- to **prospective customers**, to make switching from their current product/service providers worthwhile and as risk-free as possible.

The entrepreneur must **create a situation where Anxiety II (regret of not taking the opportunity) is greater than Anxiety I (fear of failure).**



Entrepreneurs Need to be Persistent, Tenacious and Resilient

Lazy people cannot be entrepreneurs.

Entrepreneurs are always working, planning their next move, examining the risks of their decisions, and acting, always acting.

Most projects that fail do so simply because their initiators all too often give up just short of the goal. (“Three feet from gold”)

Success can be attributed to 10% luck and 90% of hard work. It rarely occurs overnight.

Persistence helps entrepreneurs stay the course.

Jake Burton, founder of Burton Snowboards, says about value of being persistent:

He started his business in garage. “I came close to bailing several times. If I had not been persistent, it wouldn't have ever happened”

John J. Johnson, founder *Ebony* magazine, says he tried 14 different circulation methods before he found one that put him over the one-million mark. His persistence gave him the power needed to keep experimenting.



Resilience helps entrepreneurs go the distance by giving them ability to recover from setbacks, helps them to pick themselves up when they get knock down, when they need to be strong enough to deal with the problems.

Tenacity helps entrepreneurs find a way when their efforts are blocked. Even best plans go wrong. Running a business is a matter of pressing on in spite of an unending series of unexpected problems, not to give up.

Entrepreneurs Need to be Persistent, Tenacious and Resilient, cont.

Entrepreneurs need to **recognise when their persistence has been replaced by banging your head against a brick wall.**

Persistence, tenacity, and resilience can be **faults if you are unwilling to let go when something doesn't work** or where success just is not 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, of Remarkable Moments, has committed 5 years of his life to his venture (frame photographs of athletes, when you press a button you can hear the athlete's story about the event in the picture).

He regrets not that he started his venture or that it failed, but that he did not stop his activity three years earlier when he stopped paying himself, before he had used another 100.000\$ of his own money, before his wife quit her different activities because of the business's demand, and before he had used his kid's college funds.

It is an art to know when you should go on with a venture and when you should stop fighting.

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

The best entrepreneurs are **connoisseurs of talents**. They recognise their own shortcomings and surround themselves with people who bring strength to the firm. They 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.

Working within an entrepreneurial company can be hazardous, especially if the entrepreneur does not allow the same degree of freedom and creativeness to his employees as he himself demands (contradiction: he wants and he does not allow).

Some people are great at creating ventures. Other people are great at growing emerging ventures. **Sometimes great entrepreneurs make lousy managers**. They tend to be very impatient and let people in the organisation to act on their own.

Such entrepreneur should go and let his/her company to take off.

Entrepreneurs Should Use the Talents of People Outside the Firm

It is important that entrepreneurs do not get support from within the company only, but they should also **use talents and resources outside their firm.**

Creating **partnerships** with your accountant, attorney, and other valuable people is really important because they provide the company with that third dimension. They are key to success.

Outside members will reduce the tendency for management to have myopic perspective. They can keep the company out of troubles. **They ask a lot of questions because they don't know your business.**

They **give you an outside perspective** even when you don't want to hear it. And that's what makes them so valuable.

Never Underestimate the Value of Experience

Entrepreneurs who start their venture for the first time should make every effort to **have experienced people** on their management team and to serve on their advisory board.

Experience is like sixth sense. It gives people the ability to **read between lines** and to see what is missing in a given situation. They may also foresight into what may be over the horizon, see walls before they appear.

First-time entrepreneurs should also **seek the counsel of successful entrepreneurs**, who can help you to reduce the need for trial and error. They can help you to get it right from the first time. They know there are times for immediate action and there times for patience.

They know **there is never a wrong time to hire the right person**, when he or she walks in the door, even if you don't have position for him or her at that time. They know that everyone in the company needs to view himself or herself as a vice-president of customer relations.

Veteran entrepreneurs also know that you need to **expect 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 expect, suppliers don't always ship what you ordered, contracts rarely meet deadlines, clients with the most money are often the hardest to collect from and the slowest to pay, you never have enough money to do things that need to be done, and much more.

Veteran entrepreneurs don't know about everything that can affect your venture, but they can help you to keep you venture out of the “I wish I had known ...” minefield.

Summary: I Do Not Have Superhuman Powers!

Each market and venture **requires certain skills, qualities and resources**.

As entrepreneur you must realise that when your enterprise requires more skills that you possess you should **not go it alone**.

Entrepreneurship involves more than creating a new venture; it also involves **creating a management team**. You should 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 and represent the **lifblood for any business – especially a new venture**.

If you can do things better, quicker, cheaper, or in a more convenient manner than your competitors, then you have a chance to create and maintain customers, revenue and profit.

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

Reading List for the course

1. **Internet resources** (you can also subscribe newsletters):
 - SteveBlank.com
 - Inc.com
 - Entrepreneur.com
 - Kauffman.org

2. **Textbooks**
 - Bygrave, William D., Zacharakis, Andrew, Entrepreneurship, John Wiley & Sons, 2007.
 - Burns Paul, Entrepreneurship and Small Business: Start-up, Growth and Maturity, 3rd Edition, Palgrave Macmillan, 2011.
 - Dollinger Marc J., Entrepreneurship. Strategies and Resources, 2008.
 - any other textbook with „Entrepreneurship” as a main title.

3. **Other useful books**
 - Steve Blank, Four Steps to the Epiphany, Cafepress.com 2005.
 - McGrath Rita and MacMillan Ian, The Entrepreneurial Mindset, Harvard University Press, 2000.
 - Napoleon Hill, Think and Grow Rich – (free download)
 - Steve Blank and Bob Dorf, The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company, K&S Ranch, 2012.
 - Alexander Osterwalder, Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, 2010.