

The Entrepreneurial Mind Set



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What are the key traits that make the difference between success and failure? Experts say it may be less what you have and more what you're lacking — and learn to overcome.

Until now, qualities such as vision, perseverance, or the ability to tolerate risk have been hailed as the hallmarks of the so-called entrepreneurial personality. But saying that entrepreneurs need to embody those woefully obvious characteristics is akin to saying a pilot must like to fly or a doctor must be able to tolerate the sight of blood.

Today's researchers are finding the ability to overcome character flaws may be just as important — if not more important — than having certain character traits. For example, a study completed for the Cass Business School in London shows a direct kinship between the real entrepreneurial personality and dyslexics, a group not typically associated with resounding business success.

The findings are both fascinating and important: Certain characteristics of dyslexics, such as the ability to confront and overcome obstacles, or collaborate with others, are among the most critical and consistent characteristics of the world's most successful "normal" entrepreneurs.

And when you ask proven entrepreneurs, venture capitalists, or other marketplace players to define key personality traits that inspire success, you begin to understand the connection. After all, those who succeed point to an aptitude for overcoming their shortcomings, including the inabilities to listen, absorb information, and delegate authority. [They rarely mention a dogged sense of self-reliance.](#)

"One of the biggest pitfalls that we have seen with entrepreneurs is that it's great to be persistent, but you cannot be stubborn," says Peter Hebert, managing partner of venture capital firm Lux Capital in New York, when asked about the stereotype of an egocentric entrepreneur. "The ability to listen to feedback and integrate it is critical — and the more rare characteristic we see in entrepreneurs.

"You cannot avoid or ignore the market and what it is trying to tell you," continues Hebert. "Most people just have an idea and keep plowing forward, hitting their heads against a brick wall. The smart ones are able to shift and change."

Hebert says far too many entrepreneurs are profoundly stubborn — a personality trait that often prevents an otherwise viable concept from coming to fruition.



Staying open to change

“For entrepreneurs, the ability to listen, absorb criticism, and take their business in a different direction is absolutely critical,” says Barry Moltz, author of *You Need to Be a Little Crazy: The Truth About Starting and Growing Your Business* and a longtime observer of entrepreneurs. And he references these study findings: Seventy percent of businesses in which venture capitalists invested morphed or shifted course five years later.

“Unfortunately in our culture, we’re taught that success is linear,” Moltz continues. “It isn’t. Look at eBay. It started out doing auction software, not auctions. Entrepreneurs have to be flexible enough to change directions.”

[Skip Shuda, an Internet startup advisor at Team and a Dream in Wayne, Pa.](#) says nine out of every 10 entrepreneurs fail the flexibility

test. Instead of listening to the market, they insist the market must listen to them.

“One of the best lessons you can learn as an entrepreneur [comes from] hearing the word ‘no,’” says Hebert. If someone says no to your product, whether you’re looking for an investor or a sale, there’s a reason. “You need to understand that reason,” Hebert says. “You can’t just write them off and say, ‘They don’t understand it; they don’t get it.’ You have to truly understand the feedback you’ve just gotten. An entrepreneur is remiss if he is not asking for that feedback and listening to it.”

Ajay Chopra also believes in flexible, open entrepreneurs. At 29, he launched Pinnacle Systems, an early innovator in the consumer video-editing market. Sixteen years later, after going public, he sold the company for \$600 million. “If entrepreneurs are not coachable, they are driven heavily by ego — and I would not invest in them,” says Chopra, now a venture capitalist at Trinity Ventures in Menlo Park, Calif. “But I think that most entrepreneurs are coachable. They just have to be shown why they need coaching.”

Calling in reinforcements

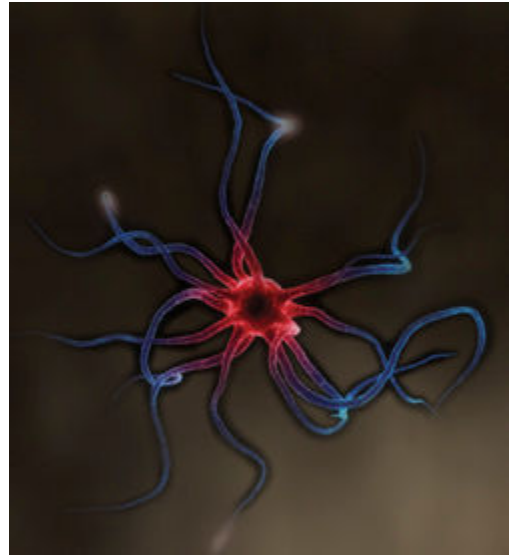
Without question, the most important advantage dyslexics enjoy over their nondyslexic

counterparts is the ability to assess and deal with their deficiencies. Conversely, say experts, too many entrepreneurs think of themselves as faultless geniuses awaiting fame and fortune.

“There’s a great quote from Mark Twain,” says Moltz. “He said, ‘What gets us in trouble is not what we don’t know. It’s what we know for sure, but just ain’t so.’”

“The trait that really makes great entrepreneurs and builds great businesses is to know your own limits,” adds Hebert. “You can be world-class at some things. But you have to also realize that you’re not great at other things.”

This self-awareness helps you develop a company, as opposed to merely shepherding an idea through the startup stage, Herbert says. “You have to go out and find people who are better than you are, and surround yourself with them rather than being threatened by them,” he says. “And you can’t perceive letting go of certain responsibilities as losing control of the company, or being a negative sign.”



Unfortunately, says Javier Rojas, managing director of Foster City, Calif., venture capital firm Kennet Partners, he and his VC peers see too many entrepreneurs who fall short of this standard. “We have some founders who are unable to take input from other people,” he says. “In fact, I’d say it is the minority of entrepreneurs who have the temperament and personality to collaborate with others in a way that can make their vision happen.”

That premise is readily validated by real-world experience. For example, Paul Orfalea, who has spoken publicly about the role dyslexia played in his success as founder of Kinko’s, said his biggest advantage was realizing he had no choice but to delegate many key tasks because of his inadequacies. “My motto is anybody can do anything better than me.”

After the launch

The inability to make the transition from startup guru to seasoned manager is often referred to as a critical flaw in entrepreneurs. “Oftentimes, entrepreneurs lack the tactical skills, the ability to execute, so it’s difficult for them to translate their vision and actually get the job done,” says Donna Flagg, founder and CEO of The Krysalis Group, a management and marketing consulting firm in New York. Based on her observations of entrepreneurs, Flagg says the abilities to launch a business and run a business as it grows and evolves are “two different skill sets.”

As a venture capitalist, Rojas deals with this conflict on a regular basis. “Founders who have a good long-term vision but who can’t manage the near-term vision as the company grows need to team with a COO or CEO who is strong operationally,” he says. They absolutely can’t let their

future vision be a slave to their weakness in making near-term decisions. “It’s great to have a long-term vision. But to get the job done, you also have to know what has to happen this quarter, this month, and this week.”

Julie Lenzer Kirk learned that lesson and acted on it. In 1995, at age 28, she started Applied Creative Technology, which developed a bar-coded warehousing and inventory control system. She sold the breakthrough software application 10 years later. “I realized early that I was not a good finisher,” says Kirk, who later founded Path Forward International, a Damascus, Md., company that works with entrepreneurs to develop their enterprises. “I got things started, but I wasn’t good at getting things wrapped up. I needed detail-oriented people who could complete the job. Without help, I don’t think I would have succeeded.”

Overcoming tunnel vision

Kirk, who teaches entrepreneurship at the University of Maryland-Baltimore County, says she learned another valuable lesson when she set out to create a major new software application. “It’s about the customer, it’s not about you,” she says. “Too many entrepreneurs focus on the belief that they have a great product without really thinking about what the customer wants — or why they’ll buy it. You have to look at your business through your customers’ eyes.”

Startup companies too often try to push a new product into the marketplace without really understanding its strengths and weaknesses, says Kirk. “They do it without really listening to feedback from customers and having the flexibility to adapt their product to what prospective customers really need.”

In fact, if the concept is viable, any entrepreneur can use a developmental customer to fine-tune a product. For example, while working for a previous employer, Kirk had cultivated a relationship that eventually led to pet food giant IAMS agreeing to serve as her developmental customer.

“If you can’t go out and find potential customers who are interested in at least talking about what you’re doing, then you might want to re-think your idea,” she says. “If you’re going to solve a problem that someone is willing to pay money to have solved, you can find a customer who will help you in the early stages.” The opposite of that, of course, is the “self-validated” idea, driven more by ego and hubris than a genuine understanding of the market niche you’re claiming to serve. “Self-validation is not good enough,” Kirk says.

“Entrepreneurs get so excited about their proposed good or service that they blow right through whether there is actually a market opportunity for what they’re doing,” says Robert Chelle, director of the Crotty Center for Entrepreneurial Leadership and professor of entrepreneurship at the University of Dayton. “You have to do a market feasibility study. But too often, the notion is, ‘If I believe in this, I can sell this.’ That’s a fatal flaw.”

The vital virtue

Another problem entrepreneurs encounter is that their products are too early to market, says Chopra, who faced that issue as he created and grew Pinnacle. “One of the lessons I learned is that you can never predict the market,” he says. “It’s impossible. So the only way to deal with that massive uncertainty is to be prepared for all kinds of market intersection points.”

As an example, he references his experience at Pinnacle. “We were serving the home video editing business, and we were very early into it,” he says. “We waited for years. We tried everything. And then all of a sudden when the bloody digital camcorders came out in the late ’90s, our business just took off. It tripled and quadrupled, but it was nothing we had any control over, or nothing that we could have predicted. But we were prepared for it because we had kept our eye on every possibility.”

According to Kirk, this perspective is vital to entrepreneurial success. “A lot of entrepreneurs are impatient,” she says. “They expect things to happen a lot faster than they [actually] do. It always takes longer and takes more money than you thought when you started.”

Sales, sales, sales

In today’s highly competitive global markets, the ability to sell the new mousetrap is as critical to success as the vision to develop it in the first place

“Salesmanship is an absolute requirement,” says Flagg. “I came out of sales, and I’m astonished how much more salesmanship is required for successful entrepreneurship than for a job in sales. You have to have a winning effect on everything you touch.”



“If *you* don’t have sales ability,” adds Kirk, “that has to be your first hire.”

The textbook example of that model, of course, is Bill Gates and Steve Ballmer. Together, the technology nerd and super-salesman became two of the wealthiest men in America. Without Ballmer, now CEO of Microsoft, Gates would most likely still be laboring in his garage on an unfulfilled dream.

Particularly in the current marketplace, says Chelle, many entrepreneurs are surprised to find how critical salesmanship is — and how bad they are at it. “I’ve talked to any number of entrepreneurs who said, ‘You know, I was such a good chemist or engineer, but when I finally got to run a company, I realized that 90 percent is sales and marketing.’”

Unfortunately, only one out of every three entrepreneurs possesses the requisite sales skills for success, says Chelle. That means almost 67 percent are at a severe disadvantage, no matter how good their idea, unless they find their own personal Steve Ballmer early in the process.

You gotta have heart

Somewhat ironically — and certainly surprisingly — the unbridled passion that traditionally drove most entrepreneurial ideas to fruition is in short supply today. Instead, experts observe that too many business hopefuls think in terms of getting rich quick rather than creating value by delivering a better product or service.

“The trait we’ve found to be absolutely the best indicator for success is passion,” Hebert says. “Granted, it’s not passion without intelligence and the ability to execute. But you need that burning passion, that desire, to be able to separate a company from just being average to one that has the possibility of being great.”

What percentage of all entrepreneurs have the genuine passion — the drive for excellence — that Hebert looks for in a prospective venture capital recipient? “I think you’re looking at the low single digits,” he says. “Anywhere from 1 to 5 percent.”

Maybe true passion can only come after you’ve been tested and learned how to overcome adversity.

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