You Have to Be a Bet-the-Ranch Type

Just one of the myths behind being an entrepreneur.

By Larry Farrell

Look around you. Seventy out of the next one hundred people you see are thinking about starting their own businesses. Fifteen of them will actually give it a go, and five will be successful on their first try. All of them—the dreamers, the doers, and the dazzling few—are part of the greatest explosion of entrepreneurship the world has ever seen. They all know that the rules of survival have changed in our downsized and uncertain world. And they believe that the best weapon for surviving the economic uncertainties of the twenty-first century will be themselves—their labor, their knowledge, and their own entrepreneurial spirit.

There have been two earlier waves of important entrepreneurial activity. The first coincided with the rise of the industrial age, from the 1860s to the 1880s, which produced a few captains of industry and more than a few robber barons. The second, fueled by the promise of unlimited capital, occurred in the 1920s but was cut short by the Great Depression. Interestingly, these earlier periods produced relatively few entrepreneurs compared to the size of the workforce at the time. Even more striking, the entrepreneurial activity that did occur was largely limited to North America and northwestern Europe. While these earlier waves gave rise to some famous companies and an impressive array of new technologies and products, nothing in our history has prepared us for the current entrepreneurial revolution, which is simply unprecedented in size and scope.

So who are these twenty-first-century entrepreneurs? And what makes them tick? Notwithstanding the occasional, high-profile oddball (Ross Perot comes to mind), the fact is that most entrepreneurs are not much different from you and me. The really good news is that no one is disqualified from playing this game. The people behind these start-ups come from every walk of life. Most of them didn't *plan* to be entrepreneurs. Some happened upon an unexpected opportunity, but more commonly they were simply trying to overcome a negative circumstance, such as being dirt poor, or full of frustration—or getting fired, which happens to be the number-one reason that people go into business for themselves. Today's entrepreneurs are simply ordinary people who find themselves in extraordinary situations. This is important to keep in mind while the popular media bombards us with one entrepreneurial myth after another. And it's absolutely essential to know the truth if you're thinking about becoming an entrepreneur yourself. Here are the most common myths, and the rarely reported realities, about the people who create and build businesses:

Entrepreneurs are born, not made. This is the most common myth. Entrepreneuring has nothing to do with genetics and everything to do with the political,

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social, and economic environment in which you live. Listen to Claus Schröder, the founder of a container-shipping business in Hamburg, describe what forty-five years of goose-stepping communism gets you: He says Germany's big gift from the end of the Cold War was getting 20 million East Germans who wouldn't know a hard day's work if it were injected into their socialist veins. In the early 1990s, he eagerly expanded his business to the former Communist

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region. Motivated both by family sentiment (his parents were originally from the eastern side) and business possibilities, his decision turned into a nightmare: "It's just unbelievable. I can't believe they're Germans. They have no concept of work. If the container ship isn't sitting at the dock when they arrive in the morning, they just go home for the day. The ship docks thirty minutes later for unloading, and there it sits until tomorrow. Nobody thinks, nobody acts, nobody cares. I'm afraid the whole generation is lost. Maybe their children and grandchildren will be different."

Entrepreneurs are born, not made? Baloney! By the fall of the Berlin Wall, western Germany had hardworking, self-motivated people who had transformed their land from total ruin to the world's third-richest economy. Eastern Germany had people conditioned by their system to be lazy, uninspired louts looking for a government handout—and they all came from the same gene pool, and often the same grandparents!

The nerd theory of entrepreneurship. This myth says that they all invented something in a garage when they were 15, wear strange clothes to work, and speak in techno-babble. The mundane facts: The typical new entrepreneur is 35 to 45 years old and has ten years-plus experience in a large company, an average education and IQ, and a surprisingly normal psychological profile. They dress, talk, and look a lot like you and me—a fairly average bunch.

The overriding goal is to get rich. Every shred of research denies this myth. Indeed, few of them will ever earn the kind of bucks paid to hired-hand CEOs these days. The entrepreneur's real obsession is to pursue his own personal sense of mission—around specific products and customers. Venture capitalists, shrewd evaluators of the entrepreneurial quotient in people, can spot the get-rich-quick types in a minute and avoid them like the plague. As Ed Penhoet, the great biotech entrepreneur behind Chiron, liked to say: "Doing it just for the money is a recipe for disaster."

Entrepreneurs are shady characters. They're ready to take legal shortcuts and are generally on the prowl for suckers to screw, right? Reading between the lines, this myth says that well-known corporations and their pinstriped executives are more trustworthy than entrepreneurs. This gets harder to believe every time another white-collar executive marches off to jail. Compared to some infamous CEOs, raking in their $10 million salaries even as their employees and shareholders are bleeding, entrepreneurs don't seem so greedy after all. What can match Michael Ovitz's $140 million paycheck for fourteen months as president of Disney, or the million bucks Dennis Kozlowski had Tyco shell out for his wife's birthday bash, or the billion-dollar financial shenanigans of Lay, Skilling, and Fastow at Enron? Compared to these corporate con men, the Hondas and Bransons and Waltons of the world look more and more like saintly protectors of old-fashioned virtue.

They're high risk-takers. You know, real bet-the-ranch types. The entrepreneurs I've met believe that the greatest risk today is to leave your future in the hands of a series of corporate bosses, many of whom you'll never meet and most of whom seem hell-bent on reorganizing or downsizing you out of a job. Betting on the corporate lottery for the next thirty years does seem to be a huge risk these days. So the "risk" of becoming an entrepreneur—and depending on yourself for a change—is, as they say, relative. And once their businesses get started, most entrepreneurs turn downright conservative. That's because it's *their* money they're risking. The reality is that big-company executives regularly take greater risks with shareholders' money than entrepreneurs are willing to take with their own.

Getting an MBA is the way to go. Business schools say they can teach you how to be an entrepreneur. I say save your money and go learn something useful that will help you create a product the world needs—as 99 percent of the world's successful entrepreneurs have done. I don't want to beat this one to death, but let's not forget university dropout Steve Jobs' famous quote about the MBAs he hired at Apple: They "knew how to manage but they didn't know how to *do* anything." To entrepreneurs, *doing something* means making great products that the world wants to buy. The bottom line? Whether or not you have an MBA, until you learn how to *do something*, don't quit your day job. ♦