



Are You Entrepreneurial Material?

Check to see if you have what it takes to be a winning entrepreneur.

BY JEFFREY P. DAVIDSON

More and more nonprofit executives are branching into entrepreneurial activities. Not all prosper, however. What separates the successful from the unsuccessful entrepreneur?

Several recent studies have identified the common denominators of effective entrepreneurs. Before you leap into entrepreneurial waters, it is useful to examine those studies and see if you have the “right stuff.”

What Is an Entrepreneur?

The term “entrepreneur” is derived from the French word *entreprendre*, which means “to undertake.” The entrepreneur may be defined as someone who seizes, conceives of, or converts a product or service that fulfills a need in the marketplace.

Professor John G. Burch remarks that “the entrepreneur is the one that undertakes a venture, organizes it, raises capital to finance it, and assumes all or a major portion of the risk.” Burch calls entrepreneurs “the prime change agents in a society.”

Much attention has been focused in recent years on whether entrepreneurs are born or made. Research indicates that heredity, educational background, work values, family influences, and environmental and cultural conditions influ-

ence a person’s decision to become an entrepreneur. But there is also strong evidence that entrepreneurial skills can be acquired, and there are over 400 schools, universities, and adult education programs nation-wide offering training or courses on entrepreneurship. Thousands of other institutions, such as the Small Business Administration (SBA), professional service firms, research psychologists, and consultants, can aid you in your quest to become an entrepreneur, or simply to know if you have what it takes to be one.

What Are the Common Strengths?

Research shows that there is indeed an entrepreneurial “type.” In many ways their characteristics match those of pioneers opening up new territories. Answer these 13 questions to see if you have the traits of a successful entrepreneur.

1. Are you motivated to achieve your goals? Entrepreneurs are goal oriented, with the ability to enroll others in pursuit of their goals. Entrepreneurs are less likely to be concerned with maintaining a high level of social interaction than with working to reach the goals they have established.

2. Are you a calculated risk taker? Entrepreneurs thrive on a certain degree of risk. They accept the challenge of exposing themselves to risky situations and then set about reducing the

risks by planning and successful execution. Also, they have a built-in sense of what represents inordinate risks.

3. Are you a reward seeker? Entrepreneurs have a need to be visibly rewarded for their creativity and risk taking. The payoff could take the form of profits, community status, admiration from others, and confirmation of being “right.”

4. Do you have the ability to organize? Even amidst a desk cluttered with papers, entrepreneurs have the capability to create systems that accomplish the task at hand. They recognize that achieving challenging goals is directly related to their ability to both plan and organize.

5. Is your outlook optimistic? Entrepreneurs are positive people with an optimistic view of life. They are open to new possibilities and recover quickly from setbacks. They achieve a sense of satisfaction when they reach a goal but then quickly set a new goal.

6. Are you committed to your cause? Successful entrepreneurs maintain a “whatever it takes” attitude, working long hours to make their venture successful. Some could be called workaholics, but most would be more aptly classified as “achievement-aholics.”



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7. Do you have high energy?

Entrepreneurs are the most energetic, vibrant people in their organizations. They get sick far less often than normal, perhaps because they simply can't afford to become sick or because they have a sense of well being that enables them to “drop back” before jeopardizing their health.

8. Are you able to roll with the punches? Entrepreneurs are tough cookies when the situation calls for it, but they're able to modify their behavior to meet changing conditions. They have a resiliency and durability that enables them to bend rather than break. They're willing to stray from the plan when it is evident that there is a better way.

9. Are you a vocal authority?

While the entrepreneurs' appearance may not always suggest “leader,” their vocal authority does; their voice indicates that they are definitely in charge. They have good communication and listening skills and are comfortable when interacting with and directing others.

10. Are you believable? Winning entrepreneurs have an aura of genuineness, especially in the non-verbal cues they give off. They are able to open doors because their believability stimulates cooperation by others.

11. Are you quick to accept responsibility? Successful entrepreneurs recognize that they control their own destinies. They readily accept responsibility for successes and failures and do not assign blame to outside factors. They see roadblocks as challenges rather than obstructions.

12. Can you assess yourself accurately? Entrepreneurs know what they do well and have identified those areas in which they are weak. They use this knowledge to assemble the resources that complement their own capabilities.

Some are able to view their weaknesses as additional challenges that must be overcome (more on weakness coming up).

13. Do you persevere? Last and certainly not least, entrepreneurs are willing to continue when all else says “stop.” Rejection may temporarily slow them down but isn't sufficient to put them out of the race. Successful entrepreneurs are willing to pick themselves up again and again.

What Are the Common Weaknesses?

Each of the strengths described above can be taken to extremes and become an ingredient for failure. Do you have any of these common weaknesses?

1. Do you set up unrealistic time frames? While entrepreneurs persevere, they also tend to be in a hurry. They want to achieve challenging goals quickly and often underestimate the time and resources that will be necessary.

2. Do you keep your cards too close to the chest? Many entrepreneurs do not delegate authority, tasks, or responsibilities sufficiently to subordinates. Also, many maintain hidden-agenda items which they attempt to accomplish by themselves.

3. Do you tolerate too many interruptions? In the desire to handle everything, many entrepreneurs leave themselves wide open to interruption. The largest culprits in this department are the telephone and the unscheduled appointment.

4. Do you work without a plan? Many entrepreneurs prepare an extensive business plan at the start of a business but then rarely if ever update or revamp it. Entrepreneurs have a tendency toward “seat-of-the-pants” management.

5. Do you neglect your “home-work”? In their eagerness to get a business off and running, or to develop a new marketing campaign for a product or service, many entrepreneurs tend to proceed headlong into untested waters without sufficiently researching the prevailing environment.

6. Do you work so hard you abandon family and friends? You need a system of support to serve as a balancing mechanism. Without it, you may find yourself working toward goals that have no real meaning in the overall context of your life.

Entrepreneurship and You—A Personal Analysis

Now, how do you assess your potential as an entrepreneur? To do so, ask yourself the following key questions in three areas:

1. What are your behavioral characteristics?

- Are you able to persevere?
- Are you creative?
- Now the telling question: Do you believe deep down to the marrow in your bones that you will be successful? If the answer isn't an unqualified “yes,” either entrepreneurship isn't for you, or you don't have a viable venture in mind.

2. How do your personal resources match the venture you have in mind?

- What is your formal education, and how applicable is it to your intended venture? This need not be a one-to-one match; however, some correlation is certainly desirable.
- What is your specific experience, and how will it apply in the proposed venture?



One fatal flaw of entrepreneurs: a tendency toward “seat-of-the-pants” management.

- What knowledge do you have that will support your venture, and how does it apply?

- Finally, a biggie—who will fill in if you become seriously ill?

The risk of starting a new venture is diminished to the degree that your personal skills and resources support the proposed venture. For example, if your background is in computer-aided design and you want to start a company that distributes cassette tapes, you are effectively starting a new business in a new field for you. This is a double “whammy” risk—you are starting a new business (one “whammy”) in a new field for you (another “whammy”). If your background is in cassette tape distribution, then the risk of starting a business in this field is a single “whammy”—you are starting a new business (one “whammy”) in a field in which you have significant experience (no “whammies”).

Single whammy risks are generally acceptable, given no other extenuating circumstances. Double whammy risks are almost never acceptable and are subject to astronomical failure rates. When you already have experience running a business and want to add a new product, a new service, or another business, the risk is acceptable. This is not nearly as risky as the double whammy risk that occurs when someone who has never started a business chooses to do so in a field that is new to them.

3. What are your strengths and weaknesses?

- Are you persuasive, creditable, flexible, efficient?

- Do you have the ability to maintain effective working relationships with other people?

- Are you able to establish priorities?

- Have you gauged your own weaknesses, and are you prepared to get help when necessary?

- Are you able to “make do” in a pinch? If not, this is a cause for concern.

You can’t divorce your predisposition to be an entrepreneur from the soundness of your proposed venture. The two go hand in hand, are inextricably intertwined, and will unavoidably be perceived as a package to everyone you encounter.

Bounce Your Ideas Off Others

Before formally constructing a business plan for your venture, it makes good sense to bounce your ideas off others. Identify five to eight people whom you respect and trust and ask them if they think you have what it takes to become an entrepreneur. Don’t assume that you already know what the answers will be.

If you really want some good feedback, ask them what they think your 10 greatest strengths would be in starting the new venture. Next, ask them for a candid review of what your 10 greatest weaknesses would be.

Going a step further, identify people in the community who can help you determine if your proposed venture is sound. People to contact include teachers, instructors, or professors; accountants; experienced entrepreneurs; executives; SBA and SCORE (Service Corps of Retired Executives) assistance officers; and others whose experience makes them useful sounding boards.

The business world is fraught with wretched failures of hundreds of thousands of entrepreneurs who “just knew” they had “can’t miss” ideas. You will need as much qualified input and advice *before* you start a business as you will while actually operating it.

What If Your Idea Has Merit?

If most of the people with whom you speak agree that your idea has merit, your next step will be to produce a comprehensive business plan. Your business plan, financial statements, and cash flow projections, along with your managerial capability, become your keys to influencing others to take an active financial interest in your venture.

Whether you are entrepreneurial material depends on your ability to produce a sound plan, counterbalance your weaknesses, line up necessary financing, and get qualified help. It won’t be easy. But if you’re an entrepreneur at heart, you’ll be up to the task. ■

Resources

Boschee, Jerr, “Eight Principles for Nonprofit Entrepreneurs,” *Nonprofit World*, Vol. 19, No. 4.

Brinckerhoff, Peter, “Why you Need to Be More Entrepreneurial & How to Get Started,” *Nonprofit World*, Vol. 19, No. 6.

Emerson, Jedd, “Famous Last Words of Failed Nonprofit Entrepreneurs,” *Nonprofit World*, Vol. 15, No. 4.

Muehrcke, Jill, ed., *Enterprise (For-Profit) Endeavors, Leadership Series*.

These resources are available from the Society’s Resource Center, 734-451- 3582, www.snpo.org.

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