

Entrepreneurial Values

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This article looks at the reward values of successful entrepreneurs.

Main Points in this article:

- 1 One of the main drivers of entrepreneurial activity is the promise of exceptional financial rewards.**
- 2 Entrepreneurs recognise the value of managing relationships and using these relationships to achieve their dreams.**
- 3 Entrepreneurs want the authority to make their own decisions and shape the direction of their business.**
- 4 Entrepreneurs have a sense of empowerment, flexibility and responsiveness to determine their own destiny.**
- 5 Entrepreneurs thrive on variety and continually seek out new challenges.**

Entrepreneurs are able to recognise new opportunities and pursue these with limited resources.

This approach is very different to the corporate environment where resources are available up-front and in sufficient largesse to remove the financial risk from the venture.

Entrepreneurs generally create virtual organisations and rely on access to key resources from other parties. Why replicate a distribution network or manufacture your own product if it can be done without the massive up-front capital investment?

In order to access and co-ordinate resources, entrepreneurs need to be very good at managing relationships. The ability to influence others and align them with your business objectives is critical.

Entrepreneurs value autonomy and variety and seek significant pay-offs from their years of hard work. It is not only inspiration required but perspiration too.

In order to better understand entrepreneurs, it is important to look at their reward values and see what stands out.

There is a wide variation in the types of rewards pursued by entrepreneurs and this reflects their different backgrounds, interests, styles and a range of other characteristics.

The top five reward values include:

- Managing relationships
- Financial reward
- Power and influence
- Autonomy, and
- Challenges

Managing Relationships

Entrepreneurs generally start out with the idea and very limited resources.

The lack of talented employees, technological capabilities, or access to capital makes accomplishing a set of business objectives very challenging.

However due to the scarcity of resources, entrepreneurs need to draw upon their people relationship skills. It is therefore critical to develop close working relationships with a wide range of people.

How good are you at developing working relationships? Do you have the skills to co-ordinate and influence these relationships? Are you able to close deals with a range of people?

In developing relationships, it is important to realise that some of these relationships will evolve and change over time.

The balance of power in the early stage of a relationship will generally sit with the established players. As the company grows and becomes financially stronger, the balance of negotiating power may change.

By developing trust and establishing a track record, these relationships along with the value of the business will start to become very valuable intangible assets.

Building the track record requires both selling and closing skills. Face to face selling is a crucial skill, but the entrepreneur needs to be able to close profitable deals as well.

Selling involves selling the company and yourself and not just the technology or the products.

Are you the type of person that customers are happy to deal with on a repeat basis? Are customers willing to provide testimonials for your product and the way the business has been conducted?

Favourable testimonials won't happen if these relationships haven't been managed well.

Entrepreneurs understand the value of these relationships.

Managing the internal relationships is just as critical. Talented people are difficult to attract and retain. Managing and influencing employee motivation will have a major impact on the company's performance.

Entrepreneurs recognise the value of managing relationships and using these relationships to achieve their dreams.

Financial Reward

One of the main drivers of entrepreneurial activity is the promise of exceptional financial reward. Rewards of the magnitude sought by entrepreneurs are unlikely to be achieved from working for someone else.

Entrepreneurs are prepared to sacrifice security and sometimes lifestyle in the pursuit of these financial rewards.

However, these rewards are based on building a sustainable business that is of interest to investors or potential acquirers.

The "built to last" philosophy generates the best pay-off when seeking to realise the grains of many years of hard work.

Entrepreneurs value the opportunity to generate significant financial returns. This reward value is not as dominant in other business professionals.

Power and Influence

Entrepreneurs want the authority to make their own decisions and shape the direction of the business. This means the influential decisions like deciding on the business model, the rate of expansion or the amount cash reinvested in the business are within the domain of the entrepreneur.

These types of decisions can generate significant risks, risks that other business professionals may not be prepared to make.

For example, decisions in the start up phase are entirely different to the decisions an executive may make in an established company. The start up decisions may have far more significant consequences, as the end result may mean the collapse of the company.

Entrepreneurs value the authority to make their own decisions, but they are conscious of the risks involved in making these decisions.

Autonomy

The desire to operate independently, free from big company politics, and outside the constraints of bureaucracy, is one of the key reward values sought by entrepreneurs. Entrepreneurs don't have recourse to the "comfort layers" and security of large

organisations, but they do have a sense of empowerment and the agility, flexibility and responsiveness to determine their own destiny.

Entrepreneurs are generally more concerned about making the decision and moving on. This approach may not sometimes result in the best possible outcome.

It is always possible to go back and revisit the decision and fix any negative consequences, provided it's not a life threatening event.

Challenges

At every turn, the entrepreneur is going to face many challenges. The ability to handle these challenges and the variety of tasks will be a key determinant of success.

Entrepreneurs will often perform a range of critical business tasks, from product development, to marketing and sales, to raising finance. Packing product into boxes may also become part of the role if an important order needs to be delivered on time.

Entrepreneurs thrive on variety and continually seek out new challenges. Entrepreneurs also seek to acquire new skills that help them deal with these challenges.

The reward values of entrepreneurs do differ from the reward values of other business professionals. The key question is "Do you have similar entrepreneurial values to those outlined above?" If you do, it is just part of the formula for success.

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management and market research and analysis. Peter has over 12 years of experience in working with growth companies and has been involved in the completion of over 30 financings in the software, manufacturing and medical areas. His expertise covers company evaluation, strategy and market analysis, capital raising, transaction structuring, documentation and completion. Peter has also set up several venture capital funds for a major financial institution and appraised a range of venture capital managers.

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