
Serial Entrepreneurs.

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Serial entrepreneurs are motivated by different drivers when establishing their second and subsequent ventures.

The desire to take on new challenges seems to override the money or the fame. Money is usually a strong driver in the first venture, but becomes less important in the subsequent ventures.

There also seems to be an altruistic motive in needing to serve the community in a more positive way. It may be their way of "leaving their mark on their local community, or in broader terms, on society".

For example, one very successful Australian entrepreneur has moved to a very different industry with unfamiliar products, with a business proposition that supports a major charitable foundation. For each product sold, part of the profit goes towards the charity. It's about believing that you can change things for others while making a difference and generating profits at the same time.

Serial entrepreneurs identify new and untapped opportunities. They like to involve themselves early, scale up quickly and zoom to prominence, before getting out.

Serial entrepreneurs are generally reluctant to hang around because they need the new challenges. They are more excited by the prospect of developing new ideas or ventures and putting them into action.

It is interesting to note that a large number of overseas high growth companies are formed by serial entrepreneurs.

So, why do serial entrepreneurs start the second venture? Is it a defensive or an opportunist approach? Do serial entrepreneurs focus on the same industry or move into other industries? What things are important for their success?

Starting the Second Venture

Serial entrepreneurs never seem to be satisfied with their current ventures. The "opportunist" will always be working on launching the next venture, even though he/she is still heavily involved in the current venture.

The serial entrepreneur welcomes change and conflict in the market, because this creates new ideas. His/her talent lies in spotting the new ideas and turning them into new ventures. They are generally not as good over the long haul and require others with stronger management skills to take over.

There are entrepreneurs who are "kingdom builders" who create new empires by surrounding themselves with loyal employees and protecting their market positions from invading competitors. Success comes from building a dominant and sustainable position. Bill Gates, the founder of Microsoft, is good example of the kingdom builder.

Serial entrepreneurs, on the other hand, see success as launching a range of new ventures.

This article looks at some of the broader qualities exhibited by serial entrepreneurs.

Main Points in this article:

- 1 A large number of overseas high growth companies are formed by serial entrepreneurs.**
- 2 Serial entrepreneurs are motivated by different drivers when establishing their second and subsequent ventures.**
- 3 Serial entrepreneurs see success as launching a range of new companies.**
- 4 Venture capital managers see prior entrepreneurial success as a strong indicator of future success.**
- 5 Serial entrepreneurs have realised the importance of relationships with banks, advisers and venture capital managers.**

Same Industry or New Opportunity

The research suggests there are two broad types of serial entrepreneur.

The first type is the one that creates the business and sells it on.

However, for a range of reasons, the buyer of the business may be unable to achieve the same level of performance as the entrepreneur.

The entrepreneur in this case is likely to buy the business back and embark on a major rebuild.

The second type of serial entrepreneur and the focus of this article is the “opportunist”.

Opportunists can include those entrepreneurs seeking out new ideas in the same industry, or those seeking out new ideas in different industries. The same industry focus will be dependent on the industry maturity cycle and the potential for further growth.

Serial entrepreneurs may grow their ventures organically and through acquisitions. Acquisitions can be a two edged sword. Difficult acquisitions give rise to negative consequences, whereas carefully planned and executed acquisitions, may provide substantial benefits. Benefits include access to new customers, access to complimentary products, or access to key expertise.

Some successful first time entrepreneurs may decide not to launch another venture. The reasons for this may relate to motivation and whether it can be done again, the potential damage to their reputation and how they will be perceived if they fail, or the impact on their financial position.

Financial reward has been highlighted as a strong driver for the first venture. Having achieved a

high level of financial success, the entrepreneur is generally reluctant to commit more than 10 to 20 percent of their new found net worth to the new venture.

The approach taken in relation to the new venture will be heavily influenced by the entrepreneurs past experiences, their management expertise, the scale of the venture, and their access to funding.

Venture capital managers see prior entrepreneurial success as a strong indicator of future success. If the entrepreneur has been successful in the past, then there is a high probability that he/she will also be successful in the next venture.

Research suggests that the reason why entrepreneurs are more successful than other business professionals is because they try more things and have interests in more than one venture.

In early stage ventures, it is sometimes difficult to predict the commercial outcomes and identify the ones which will be the winners. It pays to be incubating several ventures, as this creates options for success.

The research indicates that serial entrepreneurs do make more mistakes, but they learn quickly from these mistakes. The attitude displayed but some serial entrepreneurs is that “losing won’t kill them, because they will win another time”.

Serial entrepreneurs admit that they won’t be 100 percent successful, but because of the challenge, they will go ahead anyway.

Drivers of Success

There is no definitive profile for a serial entrepreneur.

However, there seems to be a range of similar patterns or attributes associated with the more successful

serial entrepreneurs:

- Early starters
- Driven by ego
- Excited by new opportunities
- Strong influencers, and
- Never satisfied.

Most serial entrepreneurs seem to have started their venturing activities when at school, or shortly after leaving school.

The “try more things approach” to making money seem to be a common thread. By trying more things, they have also experienced more failures. One successful overseas entrepreneur suggested that “success is really just the management of failure”.

One of the partners of the very successful US Venture Capital firm, Kleiner Perkins, indicated that “all serial entrepreneurs have big egos”.

Entrepreneurs need to be strong enough to push their ideas all the way through the process from inception to product launch.

Ego however, needs to be tempered with some humility. Entrepreneurs need a style that brings other people along for the ride. Serial entrepreneurs seem to be excited by new ideas and the challenge of turning those ideas into action. This excitement can be very infectious, because people follow serial entrepreneurs from venture to venture.

The ability to influence and excite others helps the serial entrepreneur surround themselves with people who specialise in areas where their skills may be lacking. Bringing in other people provides a great opportunity for the entrepreneur to learn new skills.

Serial entrepreneurs have realised the importance of other relationships too, particularly with banks, advisers and venture capital managers.

Serial entrepreneurs appear to make extensive use of professional advisers and financiers.

Research has shown that those entrepreneurs who fail to seek advice were more likely to be less successful in acquiring equity finance.

The last quality, "being never satisfied", seems to be present in most serial entrepreneurs.

Once the challenge has been achieved, the entrepreneur is looking for the next opportunity to apply his/her skills.

This implies a short term focus and the ability to give up their venture once it is successful. The reality is that serial entrepreneurs are far less effective at running things in the long term.

Although serial entrepreneurs are hard to categorise, one thing is certain. Putting ideas into action is a major driver. The excitement of a new venture is infectious, and commits others to the challenge as well. The talent of serial entrepreneurs lies in their ability to start new ventures, rather than run them over the longer term.

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