CORPORATE COMMENTARY

5 Myths about becoming an entrepreneur

Alan Manly Corporate Commentary March 24, 2020

Stories about entrepreneurs make great headlines. The success story line has a few proven main themes – Poor boy/girl makes good, David versus Goliath, or believe it or not! However we get there, the reader can't help but wonder, could that success me mine if I tried my hand as an entrepreneur? Deep down of course some would wonder if the assumptions being made in the story are perhaps not only too good to be true but maybe bordering on myth. So let's consider some myths about being an entrepreneur.

Myth #1 – Sudden Success

When reading about an unheard of entrepreneur it can be easy to conclude that their success is sudden. Success and sudden are rarely fellow travelers. This entrepreneur's story may suddenly be in the media and hence suddenly in your consciousness but more likely the successful part or parts of the entrepreneur's journey only appears to come quickly because no one publishes stories about entrepreneurs who are trying hard but still failing. Success is usually preceded by periods of personal doubt combined with near financial death. The article will gush about the entrepreneur's brilliance and perseverance. Both no doubt admirable. In reality you are most likely witnessing that entrepreneur's moment in the sun which may pass by as suddenly as it appeared. However, being an entrepreneur they may also reappear, suddenly of course, sometime in the future.

Myth #2 – Be your own boss

Entrepreneurs seek to run successful businesses which by definition must have customers, cash flow and profit. To achieve these business goals an entrepreneur will need to recruit customers and work for each customer to keep them happy. A happy customer is one who pays for the service or product, therefore maintaining commercial viability with a strong cash flow. Another way to look at it is the more customers a business has the more people the entrepreneur needs to keep happy. When there are too many customers to deal with personally staff will be employed to interact between the entrepreneur and individual customers. Any advantage is sometimes lost due to the complications of delegation and staff management. Whilst staff are on the payroll they too need to be motivated to remain involved in the new business and look after the company's customers. The result for the entrepreneur is more folks needing to be kept happy. Working for yourself can mean working with or for many people, all of whom the entrepreneur is dependent on.

Myth #3 – A great idea will make you rich

Being clever and developing a new idea is extremely satisfying. The next step is to evaluate if anyone else has already thought of the same idea and maybe patented that idea. Having concluded that the idea is original and can legally be developed, you will need to ensure that it stays in your possession. Many entrepreneurs are prone to discuss their latest idea with friends and associates only to find that when the idea appears to have real business potential the same friends and associates recall how it was their input that gave you the inspiration. Sometimes they recall verbal deals where you have no recollection. Litigation stalks entrepreneurs at every turn. Many ideas are an enhancement of a product or service that is in fact only of value for someone who can implement the idea quickly and profitably. The goal is to not only think up a new idea but to commercialise it quickly. Great ideas can make an entrepreneur or an ex friend, or a lawyer rich or poorer.

Myth #4 – Entrepreneurs need to focus on biotech or e-commerce

Entrepreneurs establish new businesses. It can be argued that technological breakthroughs are not entrepreneurial. Such break throughs are often the result of research programs funded by government or private corporations. The more invested the sooner the next break through is announced. These breakthroughs become entrepreneurial when they are taken to the market as a new product or new business. Entrepreneurs are more likely found addressing a customer's needs by implementing a new approach to an old problem. What McDonald's did for the humble hamburger was a new process to a very old product. Apple has implemented proven technology more than invented it.

Myth #5 – Sell out and get rich

Entrepreneur sells a business for a fortune is always a good media story. The dreamer in all of us wonder what would we would do with all the money. Well sometimes you might find that the happy buyer handed the settlement cheque over to the less happy seller, the entrepreneur, who in turn passed it on the relieved bank who was kind enough to be at the settlement meeting. Banks are often the ones who suggest that an entrepreneur sells a business to settle the debts accrued. Selling a business and getting rich is as hard as establishing a business to get rich. The risk is that the entrepreneur has built a business and not focused on their personal wealth. Entrepreneurs are prone to work in their business and not on their business. Many retire to modest circumstances.

The media image of entrepreneurs naturally shows them at their most entertaining. Big winners and bigger losers. Colourful characters entertain us where as a business person taking a calculated risk based on a skill acquired over many years will never make a media story. However, what is not a myth is that sometimes less glamourous businesses have very successful owners. What would you rather be?

Written by Alan Manly.

Have you read?

Best countries in the world for a child to be born in, 2020
Best Fashion Schools In The World For 2020
Best Hospitality And Hotel Management Schools In The World For 2020
World's Best Cities For Expats, 2020