



Do You Have What it Takes to Be a Serial Entrepreneur?

By Ron Bonnstetter, Ph. D., Bill J. Bonnstetter, M. A. & DeAnne Preston

The sources of new job creation have taken on enormous importance as millions of jobs have been lost around the globe. The Kaufman Foundation found that U.S. startups (firms less than one year old) create an average of three million new jobs annually and “without startups there would be no net job growth in the U.S. economy.” In fact, even when startups are excluded, young firms (one to five years old) account for approximately two-thirds of job creation. **This shows that it is not just small businesses, but startup businesses in particular that have long been the engines of job creation, making entrepreneurs crucial drivers in the race to put people back to work.**

This makes it urgent that the strategy for stimulating global economic growth includes reliable ways to identify those individuals who have the characteristics to succeed at building a viable business. Venture capitalists and other funders in particular will benefit from being able to compare the attributes of a funding applicant to a successful entrepreneur’s profile before investing.

Why Serial Entrepreneurs?

This article focuses on serial entrepreneurs, who are defined as those who have created more than one successful business which employs others. Concentrating our study exclusively on this subset of serial entrepreneurs is intentional, the better to distinguish the defining characteristics of successful entrepreneurship. We have intentionally excluded people who might normally be considered entrepreneurs but who are, in fact, running their business more like a hobby than a bona fide business and are therefore not likely to employ many others. Franchisees are not considered here because they have chosen a path designed to reduce risk by purchasing a proven brand name or an already established system rather than creating a new one.



These serial entrepreneurs potentially have three to five times the economic impact of a person who would normally be classified as an entrepreneur or small business person for the following reasons:

1. They have already experienced success and usually failure, too.
2. They tend to learn from both, developing the professional skills vital for success.
3. They have personal funds from previous ventures or have the ability to raise funds based on past successes.
4. Their track record makes them more likely to create gazelle companies, which tend to grow bigger, faster and thus employ more people than a typical start up.
5. They have demonstrated the ability to sustain a business past the first year, into the high growth job production years of a young firm.

Our group of serial entrepreneurs earned impressive track records, having on average built five different businesses and sold two of them. Most have experienced failure at some point (66%) but persevered to achieve solid successes that have them in the 36% tax bracket (80%).

What exactly characterizes a serial entrepreneur? Data was collected in three specific areas relevant to performance: attitudes, behavior, and professional soft skills. Attitudes tell us why entrepreneurs are motivated to do what they do, behavior is how they are doing it, and professional skills reveal what they do well. Since serial entrepreneurs are clearly doing something right, it behooves us to understand them. Recognizing the characteristics they have in common will not only enlighten the funding process, it also makes it possible for us to identify the potential entrepreneurs among us so we can actively cultivate them.



Values that Motivate a Drive for Profit

We examined the attitudes that motivate serial entrepreneurs based on six fundamental value areas common to all people. Knowing a person’s values illuminates why they hold certain attitudes and, thus, why they choose to act. These values are the motivators that initiate our behavior.

The six basic value areas are:

Aesthetic: A drive for beauty, form and harmony in objects, nature or experiences.

Traditional: A drive for an orderly, well-established, unified structure for living.

Social: A selfless drive to help others.

Utilitarian: A drive for a practical return on time or money spent to accumulate wealth and what is useful.

Theoretical: A drive for knowledge, discovery and continuous learning.

Individualistic: A drive for personal power, influence and control over surroundings.

Every person ranks these six basic values with varying degrees of importance, and for many people there are one or more additional areas that are highly cherished.

For the purpose of this research, we identified the single highest or primary value of these serial entrepreneurs, which were:

Serial Entrepreneurs		U.S. Adult Mean
1. Utilitarian	62%	38%
2. Theoretical	21%	15%
3. Individualistic	10%	9%



Remembering that values are the drivers of behaviors, it is significant that serial entrepreneurs are dramatically more utilitarian than is average in the U.S. population.

It's their defining characteristic, revealing a consistently results-oriented practicality in their decision-making processes. With fundamental, practical considerations as a guide, they are always looking for the most efficient and effective way to accomplish the business at hand. The first consideration before proceeding is that any investment of energy, staff or resources will produce a worthwhile return on investment. This means that serial entrepreneurs will, by nature, remain focused on achieving a profitable bottom line. The utilitarian value also tempers the serial entrepreneurs' theoretical and individualistic motives.

A theoretical value means that a business person is motivated to be a continuous learner who actively seeks to be knowledgeable about their industry and is open to the best solutions available. This person won't have to be prodded to keep up with technological advances or evolving business practices that will affect their enterprise. Acquiring new information as it becomes available comes naturally to them, because they place a high value on knowledge. A person with a theoretical approach to business will do the homework necessary to be prepared before taking action. But they are highly unlikely to act on information or impulses that don't result in an economic return. For example, the highly utilitarian person would not purchase new business

equipment or software, no matter how superior research shows it to be, until it can be directly connected to achieving goals related to profits. For other people who put a high premium on the theoretical value, knowledge can be valuable just for its' own sake, but for the serial entrepreneur, the value of knowledge is in it's usefulness for achieving goals.

An Individualistic value indicates a higher than normal drive to have power and to exert control over what goes on around them. For someone planning to start a business, holding this value prepares them to direct those around them and means they have the willingness to be responsible for the calculated risks required to succeed. These are people who gravitate toward positions of leadership in most fields, in their quest for personal power, influence and renown.

People with a strong UTILITARIAN attitude:

- Will protect organizational or team finances as well as they do their own.
- Are profit-driven and bottom-line oriented.
- Are highly motivated to achieve and win in a variety of areas.
- Pay attention to return on investment in business or team activity.
- Are highly productive.
- Show a keen awareness of the revenue clock—their own and the organization's.



People with a THEORETICAL attitude:

- Like to develop quick utilities or procedures that are a new way to look at a situation.
- Are active problem solvers.
- Have a strong knowledge-driven ethic.
- Ask many of the necessary questions in order to gain the maximum amount of information.
- Have a very high interest level, always questioning and always learning more.
- Actively engage in problem solving and strategic solutions.
- Could be considered intellectuals.
- Are good at integrating the past, present and future.

People with an INDIVIDUALISTIC attitude:

- Have a strong drive for control.
- Bring creative ideas.
- Have no fear of taking calculated risks.
- Desire to be an individual and celebrate differences.
- Realize that we are all individuals and have ideas to offer.
- Enjoy making presentations to small or large groups and are generally perceived as engaging presenters by the audience.

Business Building Behavior that Works

Next we examined their behavior, the components of their make-up that are easily observable in day-to-day actions. Looking at serial entrepreneurs from a behavioral standpoint, we start to see their uniqueness. For the purpose of this research, we looked at their primary **behavior** as it relates to eight dimensions of normal behavior:

1. Very competitive
2. Not very competitive
3. High trust
4. Low trust
5. Slow to change
6. Quick to change
7. Rule follower
8. Rule breaker

89% of our serial entrepreneurs fall into one of five categories:

Serial Entrepreneurs		U.S. Adult Mean
1. Very competitive	33%	12%
2. High trust	18%	20%
3. Low trust	9%	8%
4. Quick to change	7%	1%
5. Rule breaker	22%	12%



The entrepreneur's ability to adapt to change and to comply with regulation is only slightly higher than average, as is their tendency to establish relationships based on trust. How we see serial entrepreneurs strongly distinguished from the general public is by their likelihood to have a highly competitive nature. The numerous setbacks that are par for the course when starting a new business may deter others. But when entrepreneurs undertake to bring a new product or service to the marketplace, they will confidently stand up to opposition and ignore naysayers because they genuinely relish the challenge to prove the worth of their ideas.

This competitiveness is the source of their resilience, since it is grounded in a solid self-confidence that says, "I CAN WIN AT THIS!"

Based on their behavior, these are words that describe a serial entrepreneur:

- Bottom-line organizer
- Forward looking
- Places high value on time
- Challenge oriented
- Competitive
- Initiates activity
- Challenges the status quo
- Innovative
- Tenacious
- Creative problem solver
- Motivates others toward goals
- Positive sense of humor
- Negotiates conflict
- Verbalizes with articulateness
- Independent
- Change agent
- Rule breaker
- Optimistic and enthusiastic



Superior Professional Skills

The next area we studied was their mastery of professional skills using a validated assessment. This assessment measures a person's mastery level of 23 universally recognized, work-related competencies. Most adults have mastery of about 5 or 6 skills. **As a group, the serial entrepreneurs are above the mean (average) on 14 of the 23 professional skills.**

Serial Entrepreneurs exhibit above average mastery of the following professional competencies:

- **Leadership** - Achieving extraordinary business results through people.
- **Goal Orientation** - Energetically focusing efforts on meeting a goal, mission or objective.
- **Presenting** - Communicating effectively to groups.
- **Employee Development/ Coaching** - Facilitating and supporting the professional growth of others.
- **Interpersonal Skills** - Effectively communicating, building rapport and relating well to all kinds of people.
- **Persuasion** - Convincing others to change the way they think, believe or behave.
- **Personal Effectiveness** - Demonstrating initiative, self-confidence, resiliency and a willingness to take responsibility for personal actions.
- **Management** - Achieving extraordinary results through effective management of resources, systems and processes.
- **Flexibility** - Agility in adapting to change.
- **Creativity/Innovation** - Adapting traditional or devising new approaches, concepts, methods, models, designs, processes, technologies and/or systems.
- **Decision Making** - Utilizing effective processes to make decisions.
- **Negotiation** - Facilitating agreements between two or more parties.
- **Conflict Management** - Addressing and resolving conflict constructively. The ability to resolve different points of view constructively.
- **Futuristic Thinking** - Imagining, envisioning, projecting and/or predicting what has not yet been realized.



Serial entrepreneurs were only slightly below the national average on 3 of the 23:

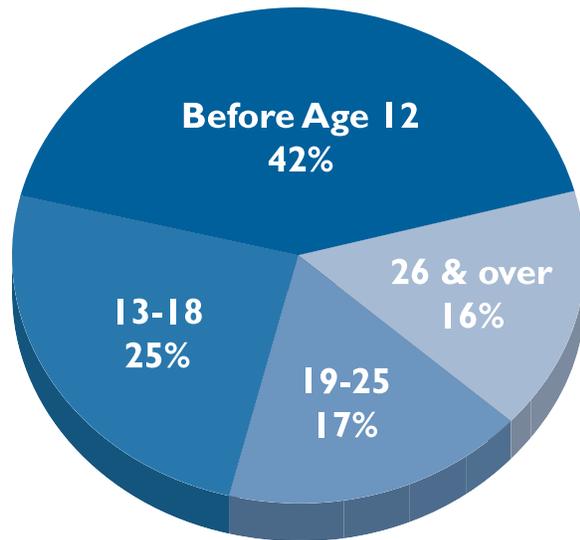
- **Customer Service** - Anticipating, meeting and/or exceeding customer needs, wants and expectations.
- **Continuous Learning** - Taking initiative in learning and implementing new concepts, technologies and/or methods.
- **Analytical Problem Solving** - Anticipating, analyzing, diagnosing, and resolving problems.

Serial entrepreneurs were below average on the following 6 of the 23:

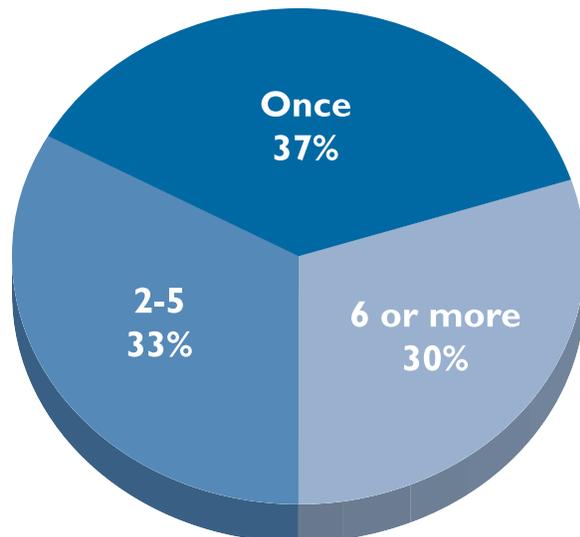
- **Teamwork** - Working effectively and productively with others.
- **Written Communication** - Writing clearly, succinctly and understandably.
- **Diplomacy** - Effectively handling difficult or sensitive issues by utilizing tact, diplomacy and an understanding of organizational culture, climate and/or politics.
- **Self Management** - Demonstrating self control and an ability to manage time and priorities.
- **Planning & Organizing** - Utilizing logical, systematic and orderly procedures to meet objectives.
- **Empathy** - Identifying with and caring about others.

According to serial entrepreneurs, the desire to create a business has been powerful:

At what age did you dream about starting your own business?



How many times per week did you think about starting your own business?





What emerges is a picture of someone highly motivated to achieve and resilient enough to succeed, in part because they have the flexibility and decisiveness to adapt to the frequent change inherent in growth.

Serial entrepreneurs tend to be competitive, self-motivated people with an optimistic view of possibilities. While most aren't likely to have the highly detailed nature of an engineer or technician, they do have the communication skills necessary to enroll others in their vision and will tenaciously push past obstacles on the path to achieving it.

They were youngsters when they began envisioning themselves as successful business owners. Fully 88% of the serial entrepreneurs we studied began dreaming about starting their own business before the age of 25, and an astounding 42% of them were imagining it before the age of 12. Considering that 37% of them were thinking about it weekly, this was more than a passing interest. Another 33% returned to the idea again and again (2 - 5 times a week) and 30% dwelled on it daily (6 or more times per week), so these serial entrepreneurs harbored an intense focus from an early age.

Based on our research over the years, serial entrepreneurs already have the requisite behavior, attitudes and values prior to building their first business. These weren't developed as a result of their various ventures, but it's likely that they did develop some of their professional skills in the process. The jury is still out on precisely how people develop soft skills, but we've proven that these 23 job related competencies are not curriculum based. Professional skills may be introduced and understood through a lecture learning process, but they are gained and mastered through practice.



Identifying Entrepreneurs with Success Potential

Research will continue in 2010/2011 as we partner with 18 universities across the U.S.A. to study college students in order to identify those that have the characteristics of entrepreneurs. Our goal is to learn more about what happens to entrepreneurial-minded individuals as they progress through the educational system, and to learn more about how college students build personal skills.

We believe that everyone is a diamond in the rough until they find the right job, career or venture. And just as every person is unique, we see unique patterns in given groups of people. Over the years the data has shown clear distinctions in the profiles of superior performers who are, for example, in the financial planning field as contrasted to engineering or sales. With that in mind, we will also be studying high school valedictorians and drop outs for indications of entrepreneurial tendencies.

The most important use of the serial entrepreneur profile is to establish a baseline against which to compare first-time entrepreneurs, a particularly useful tool for angel investors, banks, private equity firms and venture capitalists who are evaluating the success potential of

applicants. Are they funding projects with people who have what it takes? It would be enlightened self interest for these firms to start collecting this kind of data on the new business owners they finance and track them with longitudinal studies.

Given that nascent entrepreneurs dream of starting a business early in life, it would be wise to fuel their entrepreneurial intensity early by steering them toward useful industry experience and by bringing a sense of urgency to developing education that includes the experiential opportunities necessary to develop crucial practice-based professional skills.

In the aftermath of the global economic crisis it's been widely acknowledged that new job creation is the key to reviving the housing market in America and to jump-starting economies around the world. Considering their potential to move us back to solid financial ground, we need to identify and mentor people in high school, in college and in every workplace who have the mindset of serial entrepreneurs. Entrepreneurs are critical to our immediate economic recovery and long-term future. We need to identify and fast track them.

Do you have what it takes to become a serial entrepreneur? TTI can tell you. If you are interested to participate in ongoing research, or to learn more about it, please visit us at www.ttiresearch.com, or email Bill Bonnstetter at bill@ttilt.com for more information.



About TTI

TTI Performance Systems, Ltd. is the worldwide leader in personal and professional assessment tools. With years of research and validation, TTI assessments are time-tested and proven to provide timely solutions for today's business challenges. Through a network of over 7000 Value Added Associates, TTI tools are utilized in over 50 countries and 26 languages to help businesses and organizations effectively manage their most valuable asset—people.

From recruitment to retention, TTI Performance Systems is a constant resource for new ideas and business applications. As a leader in the marketplace, we ensure the status of TTI assessments in the future by carefully managing our intellectual property and protecting the research and advancements TTI has made in the field. With several patents, copyrights and trademarks, TTI products are guaranteed to stand the test of time. Our staff is an expert resource in the assessment industry and continues to stay abreast of industry changes to enhance and expand the product line to provide unique solutions for the challenges businesses face everyday.