

What makes an entrepreneur? Reflections of 20 years of experience as CEO/MD in Food Industry.

Some people have the magic ingredients that are necessary to build a great and lasting business out of nothing: entrepreneurs.

How do their minds work? How do successful entrepreneurs inspire people?

In my 35 years of experience, including 20 years as managing director and 5 years as owner of a small consulting company, I met many fascinating, great entrepreneurs:

Klaus Darbo, who managed to grow a small regional Tyrolean company from a turnover of 6.5 million euros in 1986 to a company which achieved a turnover of 123.4 million euros last year. Hans Schmid, who founded Lowe-GGK, one of the leading Austrian advertising agencies, starting from scratch. Karl Wlaschek, who was a pioneer in the retail industry and later on in real estate business. Jenö Eisenberger, who established the first hypermarket in Austria.

... and many more.

So the reason I'm writing this essay is to share more than three decades of experience with you. From May 1990 to August 2010, for 20 years, I was Managing Director for 4 different companies, (Felix-Austria, Manner, Spitz and PEZ) and since 2010 I have been owner of my own small consulting company.

In the business & management course on Innovation, Creativity and Entrepreneurship at Webster University, Vienna, where I work as an adjunct professor, many students asked: *What makes an entrepreneur?* I analysed the key components and put them into ten categories:

10 Key Issues of entrepreneurship

- 1) Attitude
- 2) Principles
- 3) Openness
- 4) Passion
- 5) Resilience
- 6) Opportunities
- 7) Focus
- 8) Talent Management
- 9) Organization & Systems
- 10) Communication

1) Entrepreneurial Attitude

This is the foundation on which everything else was built. Richard Branson did not get where he is because of any great technical skill. It was not qualifications. Not about technical skills – when Richard Branson started his business, he could not fly a plane – he learned it afterwards.

Of course qualification matters - but it is only a secondary matter.

Qualifications are not the barrier or enabler for entrepreneurship. But the key issue is your attitude.

What are the key attitudes of successful entrepreneurs?

- They take responsibility
- In contrary to managers giving speeches like this: "This year's sales are a little bit down because of the weather..." (everything to blame but themselves)

Real entrepreneurs don't care about the weather and they don't care about wearing a tie as long as they are not working in a bank.

The entrepreneurs are taking responsibility by knowing that the most important stuff they can fix is within their company.

They know they are not going around in their company to blame other people. Why not? Because: if you blame other people, you are giving away control. And without control you cannot have responsibility. You can complain and complain and nothing will happen.

2) Entrepreneurial principles

They have moral lines that they would never cross.

Klaus Darbo, the owner of a small regional jam and honey producing company in Tyrol was offered a lot of money for his company in 1986 by a German competitor. At this time, his company had sales of 6.5 million euros. Would you turn down a few million for selling your business? He would clear the millions and never had to work again in his life, but the competitor would take his company, take the brand, fire all staff, and shut down. So what did Mr. Darbo do? He turned the offer down. What a difficult decision to make. In the years to come, that loyalty was repaid many times over. Now the company has annual profits of 5 million euros with sales of 123 million euros, and exports some 50 % of its production - mainly to Germany, Italy, USA, Canada and China.

Entrepreneurs have a clear moral line that they do not cross. Principles they hold absolutely fast to. The stuff they really stick to. These entrepreneurs are responsible and principled.

3) Entrepreneurial Openness

Entrepreneurs are open to ideas and open to listen to people. James Dyson had the idea of a new, better vacuum cleaner. He went to the biggest company producing vacuum cleaners and presented his new technology, asking for cooperation. The managing director of the market leader answered "if there was a better vacuum cleaner to be made, we would have already made it." The arrogance. They were closed off to new ideas and closed off to new people. So he did the market cleaner by himself. You know the result. He is now number one in vacuum cleaners. Do you think that Mr. Dyson would say "If there was a better vacuum cleaner to be made, we would have already made it?" Definitely not. Despite his success, Mr. Dyson still remains open to new ideas.

Some bosses say *"My door is always open."* This may be the case. But you have to go from - Reception – Security – Lift – Up to the top floor - PA/Receptionist – Door

Therefore: The CEO never gets to meet anyone at his office that he didn't already know previously. How does he get new ideas?

4) Entrepreneurial Passion

Entrepreneurs are passionate. They are passionate about everything they do. They love what they do. They are doing what they really want to do. You can feel this – what you really believe in.

In 1998, 3 guys in London were passionate about good, healthy fruit drinks. They found their passion. Does that create ROI? Yes. They are the market leader in the UK now. Their brand is called "Innocent". They left out the additives and did not produce from concentrate, but directly from the fruits. They just squashed the fruits and squeezed them into the bottle.

5) Entrepreneurial Resilience

Resilience is about adaptability – We all know Murphy's Law. Stuff is going to happen.

You start a business plan and stuff happens. A few years ago, I was taking a flight from Vienna to the East Asia. The pilot explained to me an example about adaptability: When a plane flies from Vienna to the Maldives, the plane is off schedule most of the time. But the flight electronics and the captain of the plane are constantly adjusting it.

Constantly adjusting – stuff changes due to the circumstances. You have to be resilient and adaptable.

6) Entrepreneurial Opportunities

Once they get their attitude right, they have to get an opportunity

A sole idea may be fine – but does it have any customers?

Ideas make businesses? No. An Idea without customers is just an idea. A business opportunity is an idea with customers.

Many are running around with ideas. – But the key issue is: Does the idea have any customers?

A good opportunity is the result of passion – like the 3 "Innocent" guys, the founders of the "Innocent" brand – fresh fruit healthy drinks – something you really believe in. How to incorporate that in what you do.

Innocent was founded by three Cambridge University graduates: Richard Reed, Adam Balon, and Jon Wright, then working in consulting and advertising. The three were friends at St. John's College in Cambridge.

In 1999, after spending six months working on smoothie recipes and spending £500 on fruit, the trio sold their drinks from a stand at a music festival in London. People were asked to put their empty bottles in a 'yes' or 'no' bin depending on whether they thought the three should quit their jobs to make smoothies.

At the end of the festival the 'YES' bin was full, with only three cups in the 'NO' bin, so they went to their workplaces the next day and resigned. After quitting their jobs, the three struggled to find investors but eventually got a lucky break when Maurice Pinto, a wealthy American businessman, decided to invest £250,000.

In total, it took fifteen months from the initial idea to taking the product to market. By now they sold their brand – each of the three founders is now a billionaire.

Contacts – Hear stuff from other people – Things that are happening.

Skill? – It can start from a skill. But it can also start from a problem – a frustration – or a problem with an existing company – by spotting a problem and solving it. Creating opportunity is not about invention – Richard Branson has not invented anything. It's not about something completely new.

Most of the great discoveries do not come from "eureka" moments. They come from "that's fun" or "that's interesting..."

7) Entrepreneurial Focus

Product A – Product B – Product C - Product D – stretching the brand and the assortment – gradually the customers leave because quality is no longer there – the company has lost focus.

What is your company's focus? Focus on your work. What does your company stand for?

Look at most Mission Statements. "*We are a highly innovative company, earning high returns, employing people with high qualifications ...*" This is dull – dull – just dull ...

Most mission statements do not inspire. They do not create focus. To improve profits, customer satisfaction, and to be good to the environment is not an inspiring mission statement.

All you need is a focal point. What are we existing for?

Great example: Disney – What is their mission statement? "We are a global provider of animated films?" No!

Disney's mission statement: *We are here to make people happy!*

Simple, clear, motivating – you decide.

What makes shareholders happy? >> Profit.

What makes employees happy? Their job. But they also want to be proud of the company they are working for. "Oh! You are working at Disney's: You guys are making people happy!"

Another example:

Klaus Darbo in 1986, Sales Conference in Achensee, Tyrol. Turnover of 6.5 million euros.

- 1) My competition is the housewife, who produces her own jam.
- 2) I want to sell at a price premium of 30% higher than the average price of the category.
- 3) I will invest 10 million shillings (720,000.- euros) into marketing every year in order to achieve these objectives, in particular the premium in quality and price.

By now the turnover of his company is 123 million euros. And EBITDA is substantial.

Make it inspiring – make what people want – you need imaginary friends. Does anyone have imaginary friends? No? No one wants to be mad.

Imaginary friends give you a clear picture of your customers – your best friends – they come with you to every board meeting.

Who are the 3, 4, 5 types of customers? – give them a name – are they male or female? – where do they go, where do they work? – *"You must know everything about your customers, even what toilet paper they use."* said one of the greatest entrepreneurs in Austria, founder of the first hypermarket chain in Austria.

8) Entrepreneurial Search for Talent

Finding the people, finding the right talent, managing talent and motivating talent

People in entrepreneurial companies achieve things that they never dreamed possible.

Entrepreneurs look at the attitude and less at the skills of a person. The attitude is what they are analyzing. The skills you can train – you expect them to take responsibility.

People stay if you are very clear on expectation – What will happen if somebody does not meet his responsibilities? The entrepreneur will come down like a ton of bricks on this person. This is fair because on the one hand he is enabling people, and at the other hand he clearly sets expectations – he set the expectations and then he sets them free to achieve these objectives.

A good entrepreneur has a lot of credibility – People who have been with him for years worship him. Meet the responsibilities or get out. Good entrepreneurs are masters of delegation.

9) Entrepreneurial Organization and Systems

They are not hamsters in the wheel – that's not a sustainable business - that's a heart attack.

Building a brand is in focus – that goes without saying and has to be made very clear – because that is what the customers see. The other issue is that they are building teams to support and drive the business. An entrepreneurial team looks like a crew of an airplane – he is the captain, he is doing very little operationally on the plane, he sets the course. Would you think that the crew could take over if the captain gets food poisoning? Richard Branson has great advisors, great accountants, great lawyers, but he said he does not know how to read the balance sheet. This is air traffic control.

Entrepreneurs are building systems & procedures – they just don't have the time to keep telling the same stuff to the team over and over again – you have to specify the system – you must be able to respond quickly, so that the customers don't get annoyed.

Systems should be designed to meet customer expectations.

You are familiar with the situation. How annoyed are you if that doesn't happen? Your systems and communication should be designed to meet those customer expectations. Talk about things that are standard with your team.

The objective is always to meet customer expectations.

Do it in an exemplary way so that it can be easily reproduced. Define the procedures and systems. Get check lists. This is the only way to scale the business and make it sustainable. The system can easily reproduce the work that needs to be done. People have to learn their jobs very quickly.

It should be like this: If the Entrepreneur is leaving, he can leave the home and the kids are taking over.

10) Clear and Open Communication

Everything is a communication. Everything that one of your staff does communicates something about your company. If the products look a little bit shabby, that communicates something. Make sure that everything communicates properly.

Try being a customer. Check up on stores. Go to receptions. Understand your roles. First, you are the leader of the organization. Then you are also an ambassador, whatever you do, if you go to the shop, in the media, etc... Take responsibility. Whoever the audience is, you move them. Awareness is the key for organization. Use communication to establish relationships.

These are the 10 Key Issues of Entrepreneurship: attitude, principles, openness, passion, resilience, opportunity, focus, talent management, organization and communication.

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