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*what type of  
entrepreneur  
are you?*

## 12 be a brilliant entrepreneur

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Why do you really want to be an entrepreneur? Is it to be independent, creative, make your fortune, command your own empire, perhaps all of these? You can be introvert or extrovert, risk taker or risk averse, people person or analyst, young or old, male or female, broke or with funds. The entrepreneur world is full of diversity and opportunity.

You do need a clear goal backed by passion and determination, and these are helped by knowing what type of entrepreneur you are.

Few new entrepreneurs really know their own goals and to prosper in business that is an essential starting point. It might be a simple goal, usually it is more complex. Everyone says they want to make money, but actually a lot don't, and those that do have some very different motivations for doing so. You need to understand these drives in yourself, as they will go a long way to determining your entrepreneur profile.

## **2 *what type of entrepreneur are you?***

## *How do you get started?*

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Over the years after talking to many budding and existing entrepreneurs I have come to realize that the word 'entrepreneur' is just too general. Stop ten people in the street, ask them what the word means for them and you will get ten different answers.

The danger is that when someone 'escapes corporate world' they tend to think of the 'start-up' business as their only option. I have identified five classifications of choice (not including corporate and social entrepreneurs) and the start-up business is usually the worst one for them to cut their teeth on. Read on to find out why ...

There are five main types of entrepreneur although some are elements of more than one. Understanding these is an essential first step before embarking on any venture.

How you start depends on your motivation. The most common career goal I hear from aspiring entrepreneurs is the ability to control their own destiny. This held true for each of the five categories below. Each category can be started on a part-time or sole trader basis. I emphasize this as many successful, now large enterprises started this way. Those that wanted to get bigger did so in reaction to their market demand, and thus there is an inbuilt safety element and the capital costs are kept to a minimum.

Many entrepreneurs start by working part time while maintaining their main income. Often this can provide a second vocation that could be expanded should redundancy strike, or when a major growth opportunity presents itself. When practical, this choice can provide a safe bridge towards becoming fully independent. Others go for it, putting in all their personal resources. Some raise venture capital. Later in the book I will share with you some alternative sources of raising capital with minimal risk or cost. In this chapter we shall first look at what being an entrepreneur means, followed by a discussion about the five categories. By the end you will be in a position to consider what type of entrepreneur you would like to be.

You can start on your own even part time for most types of enterprise, whatever your ultimate goals are. My research shows that, if practical, this path tends to yield more success than the

others, followed by buying a franchise in an established operation. Buying a business is also a safe route, as the business should be profitable already. Starting small is the ideal way to test the market and get lots of live feedback without any major commitment.

You can then risk putting more resources behind your ideas from a situation of growing confidence. I have met many people who have, say, been made redundant or come back from abroad with a capital sum wondering what to do. That dream to run a business though suddenly seems a lot different from the other side of the counter.

## *What are the key qualities of an entrepreneur?*

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Someone who can make things happen. Innovation, creativity, risk taking, independence and a strong character are at the heart of entrepreneurship. A person who has decided to take control of their future and become self-employed, usually but not necessarily by creating their own business, product or service. Entrepreneurs thus add value to society by providing what the consumer requires, especially when they change their wants and needs.

Entrepreneurs compete with themselves, always wanting to improve their own performance. They never believe they have reached their potential and know that success or failure lies within their personal control or influence. You will need strength of character without a doubt. I think that it is no coincidence that many of the successful entrepreneurs from any part of the world have or had a strong character and maintained a high standard of honesty, integrity and ethics.

## *What does it take to become a successful entrepreneur?*

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What images does the word entrepreneur conjure up in your mind? For most they are attractive ones of adventure, freedom,

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independence, fast cars, luxury houses, holidays, success, wealth, etc. These are certainly real rewards of success. Like everything worth having though, there are some challenges to overcome along the way.

Hard work, for example, is certainly a common habit of successful entrepreneurs. Yet hard work to be effective has to be the right work. In the early stages of the business you are the most valuable resource. Therefore how you spend your time can be your most important decision. Take a moment and ask yourself this question: 'What is the most valuable work I should be doing this week?'

You need to start thinking like a great entrepreneur. People make the mistake of behaving and even spending like they are already wealthy. This is how they see a successful entrepreneur behaving. However, how the great achievers behaved at the stage you are at now is the key area to model. Here, and usually later, they are extremely thrifty, wanting every penny to work in their business. The secret of real success is not in the eyes of others. Is status important to you? It is important to most people; it is not about the outward image but the internal thinking. True entrepreneurs are not as motivated by external measures such as status and material possessions but more by internal satisfactions. They can become famous from achieving wealth and high living standards but quite often this is a side effect of their motivations.

Being a successful entrepreneur to me is about improving society, adding things that were not there before. I don't think of Bill Gates's wealth in terms of how many billions he has, but in how he has helped me and many millions of others with his software. Similarly I think of Jeff Bezos's (of Amazon) wealth in terms of how I enjoy shopping and looking at books online. When I think of Walt Disney, I'm impressed by all the smiling faces he created! Of course they have all accumulated personal wealth, but if that is your only target you are nothing more than a miser. The wealth of money is nothing compared to the wealth of being totally free to think, create, innovate at will, and the knowledge that you have added value to society. An entrepreneur is an innovator, inspirer, leader,

creator who adds to the lives of customers, staff, shareholders and themselves. Their life is full of excitement, energy, fun and friends. From my experience in the recruitment industry it offers more job satisfaction than any other.

The potential rewards though are very high indeed; your potential income and wealth are unlimited. The timescale can also be a great deal shorter to success. It is not an easy path, but with this book it is a much easier one, learning from those who have trodden the path before you, passing back their advice. Once you have started along this path there are only two things that can stop you reaching the end, in my opinion. One is giving up and the second is not learning as you go.

Let us now move on to look at the different types of entrepreneur.

## *SMILE your way to success*

SMILE is my acronym for the five types of entrepreneur. You may be a hybrid of more than one. Knowing your profile is important to maximize your chance of success and happiness.

- \* **S** is for System, someone who is happy to buy into a proven formula and work it.
- \* **M** is for Money, for those whose only measure of success is money in the bank (not what you buy with the money).
- \* **I** is for Innovator, the creative among you who enjoy developing new ideas.
- \* **L** is for Lifestyle, for those who want to work their hobby.
- \* **E** is for Empire builders who want power and influence and to see their brand everywhere.

It is important which type you naturally are and which type you want to be, as there may be a difference. Each type has different strengths and weaknesses, each a different path to success (covered in the next chapter) based on a foundation of common principles. In practice you may be a composite of more than one. You smile as an entrepreneur when you know which one you are and focus upon it.

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## *System entrepreneurs*

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Business is systemic. It is about the working in harmony of a variety of resources, people of different disciplines, level, and locations, equipment, offices, computers, marketing, accounting, etc. They all have to work together and are dependent on each other. Thus when the system is well designed it caters for all needs and is reduced to the simplest formula possible. That way everyone understands what is expected of them. Growth is made easy because the system is just being duplicated, a proven formula grows another tentacle.

The great success of McDonald's is an extremely efficient business model. It operates all of its '30,000 plus' restaurants around the world to the same basic formula. Every process is in the manual. Every situation that might and has arisen is dealt with in exactly the same way everywhere.

So once the original creativity has been innovated and then tweaked for efficiency a business can grow by taking in partners. In the case of McDonald's this is through franchising. One must not tinker with the proven system, nor wish to, as that road leads to failure.

Another example is in network marketing, often called multi-level or referral marketing. A distributor network is established based upon a system that works. So are you prepared, happy even, to work the system that someone else has designed in which you have no say? If you are, then working the system can make you wealthy, there is no doubt of that, as long as you choose a good franchise, network marketing or system to join and that you work it in the way it was designed to be worked. Risk is greatly reduced, there should already be a proven market. Clearly there is no need for creativity, so if this is not one of your skill sets, being a system entrepreneur should appeal.

## *Money entrepreneurs*

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Money entrepreneurs are focused on storing as much financial wealth as possible. Their goal is money itself and not the things

they will buy with the money. Their goal is high wealth not income level. In the extreme, these people will have no concept that there could be any other objective in running their own business. They tend not to enjoy their work as they will always focus their energies on where most money is, rather than their own passion. They have the advantage of being naturally in touch with the market and they will offer only things that they know will sell well. When they are successful they use their money to make more money taking full advantage of compound interest and leverage principles. They want to become as wealthy as they possibly can.

In less extreme cases they realize that the first goal of any business is to make a profit consistently, otherwise there is no business. They are also prudent enough to store money through a good period as an insurance against a lean period. To some extent we all need to be money entrepreneurs; it is, after all, what makes the world go around. The other advantage in setting your goal as money is that it is very easy to measure. Sales and profit targets are either reached or not. It is thus simple, measurable and must be a prime focus of any enterprise, whatever the other driving passions are.

## *Innovative entrepreneurs*

To many the word 'entrepreneurs' is virtually synonymous to the word 'creative'. After all, a new enterprise does things differently from what has gone before it. A company can even be seen as an art form. Amazon changed the way we bought books. McDonald's changed the way we ate, eBay® changed the way we bought things. Tim Berners Lee, creator of the world wide web, changed the way people all over the world talked to each other.

The joy and challenge of creation becomes entrepreneurial when it meets commercial goals. Art might be beautiful but is there a market for it? When you focus your attention on the needs of people that are not currently being met as well as they could, you have the potential to create something better. Creation gives what business people call a USP – unique selling point. It becomes special, giving an edge over competitors.

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Creative people, therefore, become innovative entrepreneurs when they start their focus on potential customers. They create better things, ways of doing things. Does this sound like you?

## *Lifestyle entrepreneurs*

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How great would it be for your hobby and passion and your business to be one and the same? When you love every minute of what you do, profit is a bonus, not the point of the enterprise. After all, if you had riches you would just spend all your time on your hobby anyway, so why not short-cut the process? A lifestyle entrepreneur is one whose primary motive is working their hobby.

When you plan to remain small you can cover for each other, work as a close-knit team, and management is relatively straightforward. Once you have a secure client base, profits can be high and the lifestyle can be thoroughly satisfying. You also have a capital asset that you can sell, should you wish to.

Employing staff immediately allows greater efficiencies in terms of delegating specialist tasks. It also means greater responsibilities and staff need managing. You need to make sure that your productivity, while training, managing and motivating, is not compromised. They are not capitalists, they are just selling their labour, and for a monthly bill you have to keep paying. For most, loyalty will be dependent on you paying them, although I have personal experience of members of staff offering to forgo salary when the pressure was on. These are rare, special individuals. Your challenge as an entrepreneur is to ensure that the value they add to the enterprise is more than you are paying them. You have a very strong direct effect on their productivity. You can choose them, train, lead and motivate them to give their best. You have a moral responsibility also for their career. The human race does not exist to be exploited for profit. They are stakeholders in your business, dedicating a large chunk of their life to making it work.

# *Empire entrepreneurs*

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Empire entrepreneurs want their brand, their name to be everywhere. Whatever stage they are at they want to be bigger, with a bigger reach, more power and influence. They have no end position, they always want more. Just achieving financial freedom is not enough for them. They love growing and will continue for ever.

Are you the next Bill Gates? Do you want to be? If you had his financial wealth what would you do with it? Your answers will give an insight to your values and motivations. The British army unit the Special Air Service has a motto, 'Who Dares Wins'. This enterprising group achieves things even if they seem impossible. This is the attitude you need to adopt to build a major multinational group (but only use the door when you enter the office!). First, think big, believe that you can, research your plans thoroughly and perfect your formula for making money and how you intend to grow it. How, for example, will you finance such massive growth and in what timescale? There are always options: franchising, venture capital, partnering with a major company. These all need to be worked through to find the most appropriate choice.

You need a vision of the future and to think long term. Rockefeller clearly rose above his competitors by seeing the importance of economies of scale and how they could operate in his industry. Like many great entrepreneurs he was obsessed with efficiency and control of costs. Aspiring entrepreneurs who come to me for advice are focused on sales and marketing. I thus find it interesting that the great successes in business had their focus on the other side of the profit equation.

You can start small and grow in reaction to your market. Michael Marks, for example, started retailing his goods by knocking on doors and standing on street corners. This led to market trading, then a shop, then another shop. You may have been in one of them, they are called Marks & Spencer. His famous phrase 'Don't ask the price, it is a penny', did not come from marketing genius but because he could not speak English when he started. A simple sign

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on his stall solved any problems, and made life easier for potential customers. Yet this simplicity of pricing existed for a long time in the company, showing how much easier it is to run a business that has simple principles and focus.

## *The profile test*

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To an entrepreneur, achievement can mean wealth beyond their wildest dreams. Entrepreneurs, certainly in America which is a relatively young nation and in Europe, form the largest grouping of millionaires. That is why entrepreneurs are prepared to take the risks and, even in their darkest hour, few would want to be an employee again.

When pure 'money entrepreneurs' are successful, they use their money to make more money, taking full advantage of compound interest and leverage principles. People who win the lottery invariably are not happy, it is just not enough. Entrepreneurship can give you satisfaction on a whole range of levels.

Look at the five types of entrepreneur (SMILE). How much does each type appeal to you? Mark them out of ten, where 10 = appeals most and 1 = appeals least. Finally, list them in order of priority.

Now, what about risk? Well for me, I have been there and done it before, so the risk associated with start-up is very much less than for a novice. I also have a strong sales background which helps for this type of enterprise.

If, like me, Innovator is highest or high you will be happier in situations where you can apply your own ideas. Start-ups are an obvious choice, whereas franchises and network marketing opportunities should be avoided.

If Money is your top choice you could well be the opposite of the above as risk is greatly reduced and you are working a proven formula designed to build wealth.

Lifestyle at or near the top might mean you want to work your hobby or be a self-employed consultant. Limited potential for

profits but if you can make ends meet and do what you love, you have a formula for happiness.

Empire builders should go for start-ups, network marketing or buy an existing business with a brand that gives it the potential for growth. The latter two are far less risky but the first offers a complete blank sheet to express ideas.

At the next level, analysis depends more on specific circumstances, for example if you are interested in health and beauty products, tired of being short of cash and wanting the good life, the four more or less equal top for you are Money, System, Lifestyle and Empire. Then an established network marketing business distributing health products could be ideal for you.

When you know your profile you need to assess the profile of each opportunity and see quite simply if it matches yours.

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