

THE REAL WORLD OF THE ENTREPRENEUR

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The enterprise development terrain has unfolded as one run largely by corporate-conceived programmes. Thank goodness for the resources channelled to the cause of helping entrepreneurs. Unfortunately though, most of these efforts are woefully misdirected and ineffective, for lack of understanding of the real world of the entrepreneur.

WHAT IS THE WORLD OF THE ENTREPRENEUR REALLY LIKE? WHAT SORT OF HELP DO THEY REALLY NEED?

People have used many analogies to succinctly sum up the experience of the entrepreneur. I think, for most, it is like deciding to run what sounds like a tough but exciting marathon, followed by a beach holiday, only to discover (mile by bloody mile) that it’s actually a 10 000 km sprint circumventing Africa on foot, mostly off-road with very rough terrain including mountains, rivers and vast deserts, navigating civil wars and radical terrorist gangs, famine and disease, corrupt and murderous military roadblocks, extreme heat followed by terrifying cold, starting without having done any special training, with no provisions for the way, and the only prize being survival. For most, had they only known upfront, they would never have started in the first place.

It needn’t be that way. You can’t fundamentally alter the nature of the journey, but you can change the experience, reward and outcomes of it. The right entrepreneurial support can change an extended period of stubborn survival, followed by inevitably succumbing to some unforeseen crisis, into a very fulfilling journey. But the right support requires a real understanding of the journey ahead.

So I’d like to share the beginning of Jeffrey’s story because it is the entrepreneur’s story: the story of what it’s like, and what it takes, to be an entrepreneur.

Jeffrey lived in a small remote village in the evergreen forests of the Zambezi region of North West Zambia. Jeffrey’s village was fairly agrarian, with most people farming, fishing and hunting to make a living. There was a large market on the other side of the river where people from many villages would come and trade each day. It was a humble life, but the area was rich and fertile and most people made a good living, despite the four-hour walk each day.

You see, not many people could sail across the Zambezi where Jeffrey lived – it was far too dangerous. The river ran too fast there to paddle; you had to sail. Jeffrey, however, was a very skilled sailor – one of the best in the region.

One day Jeffrey was preparing his boat when a neighbour asked him if he would sail him across to the other side. To his surprise, Godfrey paid him

\$1, which was about three times as much as he’d make if he spent the same time fishing. And, he promised to pay him the same again if Jeffrey would fetch him at sundown and sail him back again.

Now, that got Jeffrey thinking. What if he built a bridge so he could get as many people across as wanted to go across? The village would thrive! And best of all, he would have a real business for his children to inherit.

“THE RIGHT SUPPORT REQUIRES A REAL UNDERSTANDING OF THE JOURNEY AHEAD.”

Except... Jeffrey had no idea how to build a bridge, and no money with which to build it. Reality came crashing down. But somehow, he would find a way.

The next morning Jeffrey woke up with a spring in his step. He went straight down to prepare his skiff for the day. Today, however, Jeffrey wouldn’t be fishing, he’d be ferrying people across the Zambezi.

When he was ready he ran up to the trail and found the first person on the trek to the other side and offered to sail them across for \$1. It took some convincing, but they decided to give it a bash and when they got to the other side of the river 20 minutes later, they were elated and paid in advance for Jeffrey to fetch them at the end of the day.

The next day, there were already five people waiting when Jeffrey got to the river banks to prepare his boat. The day after that there were 10. A week later, Jeffrey spent the entire day sailing people across, non-stop.

Pretty soon the other sailors started doing the same thing, but that didn’t matter. Jeffrey was grateful because it meant less people fighting in his queues...

Before long, things got complicated. People started asking to pay at the end of the month, which Jeffrey was happy with. It meant less cash handling every day. The problem was there were so many trips he soon forgot who owed him what. Which meant now he had to start keeping records. But he was so busy sailing every day that he could only find time to do the books at night, which was family time.

Things were getting out of control. If only he could get somebody else to do some of the sailing so that he could have time during the day to do the books and have more time for his family. The problem was, however, that everybody who had the skill to safely sail people across the river was now doing it for themselves.

It was at that time that Eric, a friend and successful businessman, started sharing advice on building a business. His first point of advice was to build a business that doesn't need you. It struck Jeffrey like lightning. Of course! He needed a business that didn't need him to operate it, so that he could run it.

The problem was the sailing – sailing required so much skill on these waters, which not many people had. If he could come up with a way of crossing the river which was much less expensive than a bridge, but didn't require the same skill that sailing did, that would solve his problem. And that's when it hit him. What about a pontoon?

A pontoon that was guided by steel cables would not need an experienced sailor. All he'd need would be a willing worker who would pull or peddle the pontoon across, and collect fares from the customers. And Jeffrey could build a much bigger pontoon so it could carry more people.

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Jeffrey felt alive again and got to work right away. Soon he realised this was going to cost a lot of money, so he went to visit the bank. Unfortunately they couldn't lend him any money because he hadn't kept real business records. So he was forced to ask his friends and family. They all saw how well his business was doing so they were willing to invest their savings in his new pontoon. He managed to convince his 18-year-old nephew to be his pontoon operator. It was all coming together...

Of course Jeffrey was on every trip on the first day the pontoon was ready. Things ran so smoothly he decided there was no need for him to join the pontoon the next day, so he could finally start catching up on the books and start collecting from all the customers who hadn't paid him in a long time.

But it wasn't long before the complaints started piling up. And the income started dwindling. It was a mystery because it wasn't that hard to run a pontoon and it was always busy! He had no choice but to join the pontoon all day just to see how things were going. It didn't take long to spot the problem. Justice, his nephew, would take long smoke breaks between trips and failed to collect fares from half the customers.

He started shouting at Justice about all the things that he was doing wrong but Justice just stared back in surprise. “If you expected me to do all those things that way, why didn't you tell me?”

Jeffrey was speechless. He really couldn't understand it until his mentor Eric helped him to realise that it was normal. Employees see the world very differently to owners, and they always will. Justice won't automatically want to or know how to give the kind of customer service Jeffrey expects, or be concerned with collecting fares from everybody, or making the trip a wonderful experience for all the customers.

Once again Jeffrey was stuck. And once again Eric helped him to find the answer. What Jeffrey needed was a list of very clear instructions which Justice had to follow. If he didn't, he'd be fired. If Jeffrey was going to expect his employee to do as he expected, he would have to tell him what he expected.

So that night, he went to work writing an operating manual for Jeffrey's Pontoon. It had been four years since he started his business and this was a major milestone: he had an operations manual!

The next day he told Justice to study the manual in detail. And that from the next day, he expected Justice to follow the manual precisely...

And that's where we will pause Jeffrey's story for now. Jeffrey's story continues for another 20 years as he works his way to the culmination of his vision – the bridge. But the rest will have to wait for next time.

So what can we learn from Jeffrey? What are the five top things you have to know about the real world of the entrepreneur to design an effective enterprise and supplier development programme?

1. 'BOUNDLESS PASSION'

Building a business entails unimaginable challenges and levels of sacrifice for at least five to 10 years before seeing much real reward. That's why for his venture to ultimately succeed, Jeffrey will need 'boundless passion' to fuel the grim determination to overcome an endless stream of obstacles, day-in and day-out, for years running.

2. SELF-SELECTION

You cannot manufacture 'boundless passion' in somebody who you have decided should be an entrepreneur. An ED programme cannot surgically implant it. You have to find it where it exists and work with it. Eight times out of 10, where boundless passion exists is where the entrepreneur started, despite the unknown challenges and untold sacrifice ahead, without much help at all, just with what they had at the time.

The rest of the time, it is found in the person who works long days and late nights with unrelenting focus on achieving their goals in the face of tremendous adversity. Those two 'banners' are the most reliable predictors of 'boundless passion'. We call them 'self-selection' banners. Many talk about the obstacles and constraints that face entrepreneurs, which ED programmes must remove to help entrepreneurs start their businesses. There are obstacles; help is needed and it does help. But no ED programme will remove more than a small per cent of an entrepreneur's trials. That's why help can only deliver lasting results for those with 'boundless passion' but does little for those without it. Therefore, ultimately, you still need to seek the self-starters with 'boundless passion'.

3. THE 10% RULE

The most well-educated, skilled, and experienced entrepreneur normally knows less than 10% of what they will need to know to successfully grow their company. An MBA might take you from 6% to 7%. Obviously, the most disadvantaged know far less. Most things they have to learn along the way. Entrepreneurship is the experience of street fighting to survive. Every day you face new perilous challenges, you're clueless, out of your depth, and have to run at 120 km/h to adapt quickly, learn fast, be creative and make quick decisions. Failure to do so means death. Therefore, whatever tools the entrepreneur has to help him quickly learn how to do the many new things he must do, the better.

4. 'JUST-IN-TIME' COACHING

But the learning must be fast. Every day, there are 20 things that are both very urgent and very important that an entrepreneur will not do, because everything he does do is just more urgent and important. Building a business is a race to survive. An entrepreneur does not have time to do an MBA, an executive MBA, or for most even two-day workshops. They need 'just-in-time' coaching – just what's needed, just in time. Just at the point of meeting a new challenge, they need help understanding the problem, coaching on how to get through it and training to use those tools, like a boxing coach giving help and advice with external perspective plus glucose between rounds. The boxer may survive without it, but is much more likely to survive and win with it.

5. STRATEGY, LEADERSHIP, SALES, BUSINESS BUILDING, AND FINANCE

Capital is a constraint for most entrepreneurs. The best way for an entrepreneur to fund his business is through sales. So that's the starting point for assistance: be sales-worthy, then get sales.

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But to keep sales he will need a business that can deliver, consistently, with all the curve balls real life entails. That means managing customers, HR, finance, production, sales, etcetera, systematically. That requires an organisation: a business system that delivers consistently, to customers, to staff and to shareholders. He's never built one and it's a challenge of tremendous proportions. He needs help – a lot of it, for a long time – probably no less than three to five years.

But as he builds, his business will become more and more complex, more difficult to run, more likely to fail. The most important tool in the race to survive is focus: do only the most crucial things to become and stay the best in your game, in your market. But therein lies the entrepreneur's dilemma: he must also experiment and learn by doing. Strategy really matters, but experimental strategy is unavoidable. The balancing game is entrepreneurial strategy: the constant pursuit of the narrowest sensible focus.

In the midst of all this, Jeffrey will make a hundred decisions a day that ultimately come home to roost in his bank balance. Bad financial decisions will kill him. Good financial decisions: well for now they'll help him survive; one day maybe he will prosper. Jeffrey cannot succeed unless he understands how every decision affects his business' finances.

But nobody can make these decisions and do these things for Jeffrey. He runs a business and nobody can do it but him. So above all these things he must grow. He must become the leader his business needs him to be. An entrepreneurial toddler must become a man. And he needs help with this too. These five areas are only the foundation – there is a whole house on top of it – but this is nevertheless the essential starting point of BDS: strategy, leadership, operations (sales and marketing and production), finance, and business-building coaching; just in time; for a long time – to turn a bundle of boundless passion and strong ability in a handful of areas into an entrepreneurial leader. ■