

12

ESSENTIAL CHARACTERISTICS

of an Entrepreneur

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An entrepreneur is a businessperson who not only conceives and organizes ventures, but also takes great risk in doing so. Not all independent business people are true entrepreneurs, and not all entrepreneurs are created equal. Different degrees or levels of entrepreneurial intensity and drive depend upon how much independence one exhibits, the level of leadership and innovation they demonstrate, how much responsibility they shoulder, and how creative they become in envisioning and executing their business plans.

The Five Levels of Entrepreneurial Development

Brad Sugars is a world-renowned business author and founder of ActionCOACH, his own international business coaching firm with nearly 1,000 offices worldwide. He identifies five different types of entrepreneurial mindsets, patterns of thinking, and belief systems.

He begins with the basic level of the employee. It's important to understand that good employees can evolve into great entrepreneurs, but that to become an entrepreneur, one has to first adopt a perspective and seek out a role above and beyond that of an employee.

- The employee sets goals mainly to impress others and to avoid confronting fears – including the fear of personal freedom and success. They conform to their comfort zone, rather than pushing to learn more and gaining new experiences.
- Because of their self-imposed limitations, employees prefer to follow someone else's game plan. They lack the desire to become a self-motivated and self-reliant entrepreneur.
- They focus primarily on personal security, and their emotional motivation derives from a fear of insecurity and a desire to be within the comfort of a secure situation.

Those who want a greater sense of responsibility and control over their lives, coupled with the confidence to experiment with that possibility, often rise up from the ground level of employee status to the first level of entrepreneurship. They do this by becoming self-employed.

Level One: The Self-Employed Mindset

The emotional driving force behind the self-employed person is not security, but rather a desire for greater control over his or her life, career, and destiny. Relinquishing that control to a boss every day from nine to five is not their idea of happiness. They believe that they could do their job just as well without an employer – and perhaps, without the need for other employees. They want more autonomy. They want to do things their own way. And they usually begin by creating a situation in which they do the same type of work they did as an employee, but they figure out how to do it by themselves and for themselves.



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Unfortunately, many of the primary objectives these freshly-minted entrepreneurs face are pitfalls or traps. Because they want to go it alone, they almost always do so at their own peril. By not taking help from others, they not only cut themselves off from valuable talent, intelligence, feedback, and experience that others could offer in the form of assistance, but they also create a situation where they will never experience true financial and personal freedom.

Many small business owners with a strong do-it-yourself attitude only succeed at creating a new job for themselves, not a new career or profitable company. And as a solo performer, their job becomes all-consuming. They never get a day off, they always bring work home with them, and they frequently work overtime with no financial compensation. Their motto is, “Why have someone else do it when you can do it better yourself?” They often promote their business by telling customers, “When you deal with this outfit, you only deal directly with me.” Inevitably, they start to burn out. A great majority of these self-employed people fail in a short amount of time, and they wind up going back to work for someone else.

While it may seem counterintuitive to strike out in a different direction and into unfamiliar territory, that trajectory puts one into a position of learning, being open-minded, and relying upon others for help.

They make the mistake of not envisioning a business that will run by itself without their constant supervision and handholding, and they don't picture creating an enterprise that thrives on involving others in a teamwork effort. One of the greatest blunders they can make is that these self-employed entrepreneurs try to replicate the same job they had before, in the same area of experience, selling a product or service they already know. While it may seem counterintuitive to strike out in a different direction and into unfamiliar territory, that trajectory puts one into a position of learning, being open-minded, and relying upon others for help. Those ingredients contribute to a recipe for entrepreneurial success, because they force you to evaluate the entire business system from a new and fresh perspective. In addition, they set the stage for working on the business without having to actually physically be in the business on a day-to-day basis.

The goal of designing a business that works for its owner – rather than the owner working for it all the time – is vital for becoming a real entrepreneur, versus simply being the most important employee of one's own self-employed venture. Those who understand that fact can rise to the next level of entrepreneurship.

Level Two: The Managerial Perspective

Those with a managerial outlook are often in a great position to succeed as entrepreneurs. However, people at this level often suffer from three big misconceptions that frequently lead to problems. Many managers believe that if a business is not working, the solution lies in hiring more employees. They throw extra bodies at the problem, but this only aggravates the situation because it fails to address the underlying cause of the lack of profitability/productivity. Another mistaken belief that is common to this mindset is that the route to success is through growth – not profit growth, but overall structural growth of the enterprise itself. Bigger is not necessarily better until the fundamentals are sound and efficient. Growing larger to fix the problems of a small business only succeeds in generating a much bigger company with those same problems, except that they are expanded, magnified, and much more expensive to remedy. Many managerial entrepreneurs go into bankruptcy during phases of vigorous growth, but they never figure out why.

A third misstep common to the managerial attitude is that the entrepreneur wants to be the boss, even if that means sacrificing the talent or potential of employees. To give orders and be in charge requires no great skill or aptitude, but to be a leader – one who knows how to inspire and train others to rise to greater heights – is a rare quality. Managers who become leaders succeed because they accept the challenge and responsibility of ensuring that others under their wings also succeed and flourish.

By getting the most out of employees, managers themselves are able to delegate aspects of their business to others and set higher goals. Those who say they can't find good employees usually mean they lack what it takes to attract or create good employees – and consequently, they also lack what it takes to succeed as an entrepreneur. But those who not only manage, but also lead, can rise to the next level and become owner/leaders – one step closer to the real definition of an entrepreneur.

Level Three: The Attitude of Owner/Leader

The entrepreneur who attains the level of an owner/leader enjoys remarkable benefits by knowing how to step aside and let the business – and those employees working in it – operate as a profit center that is not reliant upon the owner's constant hands-on participation. This kind of entrepreneur has created an organization that is more self-sufficient and self-sustaining. And in doing so, they have generated more wealth, personal freedom, and free time.

Rather than being the only person who could get the job done the best, this leader has passed that torch of responsibility and expertise along to others, who now enjoy for themselves a greater level of career achievement. The owner/leader can therefore focus not so much on sales and revenues, but on growing net profits. While the business continues to run smoothly, the owner/leader concentrates on fine tuning it for increased profitability while letting others handle the day-to-day operational details.

Level Four: The Entrepreneurial Investor

With a business that generates profits, the entrepreneur who has made it this far can begin to accept another exciting challenge: managing money so that it works to produce more money. Investing for maximum returns involves the smart leveraging of existing assets, and the entrepreneurial investor will often build upon the success of the first business to create a second or third company based on the same model or system. This is known as franchising.

By franchising the original venture or buying up other healthy businesses, the investor can get into the career of not just selling basic products and services, but of selling entire businesses. The goal, of course, is still to turn a profit. So rather than remaining at the helm of these companies, the investor will buy them, ensure that they have valuable equity or attractive allure and potential, and then sell them to other entrepreneurs or would-be entrepreneurs. The focus becomes finding, buying, and perhaps refurbishing, businesses. This is not unlike the way in which a real estate investor locates homes, rehabilitates them, and then flips them for a profit.

12 Essential Characteristics of an Entrepreneur

The challenge is to avoid falling back into the role of running a business as an administrator or manager. To solve this problem, the entrepreneur will typically appoint someone else to take the reins of the company as the president or CEO. This way, the investor becomes more of a director or silent partner who shares in the profits while enjoying the relief of not having to share the routine responsibilities of running the business from the inside.

This all becomes possible because the entrepreneur has not just created a business, but has also designed excellent systems for keeping it going. Rather than dealing on the level of isolated actions and reactionary tactics, the entrepreneurial investor has risen to the level of broad and comprehensive strategies that work across all sorts of products, services, and economic cycles. Working smart replaces working hard, and the rewards – both financial and personal – are abundant.

Level Five: The True Entrepreneur

Having learned new things every step of the way and evolved through various stages of entrepreneurial accomplishment and insight, it is possible to reach the ultimate goal and realize one's dreams in a really life-changing way. The true entrepreneur experiences a paradigm shift that involves a four-step process of changed thinking:

#1: Idealization – Imagine gigantic, all-encompassing dreams for creating the ideal world.

#2: Visualization – Picture the ideal world as a reality. Work to clarify this vision on a daily basis, filling in more details each day.

#3: Verbalization – Begin to put words to the dream and talk of it as if it was already happening. Talk about it to others as if it were real, and continue to have a personal dialog with that dream to make it come true.

#4: Materialization – Due to your hard work and diligence, things begin to fall into place - everything will progress in a natural and automatic way. The idea becomes a real and tangible fact that materializes in the world, influencing others while opening new doors to fresh opportunities and the birth of more dreams.

The true entrepreneur is a dreamer whose dreams turn into reality, and an income earner whose income is passive. Money automatically generates from profitable ventures that feed success with more success, but do not require extraneous work. The money made frees up the entrepreneur to create more money - in effect, it is a snowballing effect. These women and men profit in all situations and add to their wealth by acquiring more paper assets, more profit centers, and more entrepreneurial power.

A Dozen Characteristics Essential for Entrepreneurs

By examining the five phases or levels of entrepreneurship, we gain a better understanding of the fundamentals that distinguish ordinary entrepreneurs from the extraordinary ones. In doing so, we begin to notice certain traits that are common to all successful entrepreneurs.

12 Essential Characteristics of an Entrepreneur

While each individual entrepreneur possesses many unique traits that are not common to other entrepreneurs, all entrepreneurs do share a kindred spirit - a certain type of constitution and outlook, coupled with a special drive and willingness to learn and grow. Rather than elaborating on the many differences within this broadly diverse demographic, it is more helpful to look at those aspects of similarity.

Here are 12 characteristics that are found within all successful entrepreneurs. Without these traits, most people will fall short of what it takes to succeed in an entrepreneurial enterprise.

#1) Confidence

Confidence is a hallmark of the entrepreneur. Not all of us are born with confidence, but that does not mean we are not capable of acquiring it. Many confident women and men gain a sense of self esteem and faith in their ability to meet challenges by acting in the face of adversity, even if they are unsure of themselves. When they meet these challenges, this feeds back into their confidence in themselves, pushing them to meet bigger challenges in the future.

#2) Possession of a Sense of Ownership

Taking responsibility for getting things done – and doing them with care and attention – is what it means to act like an owner. Rather than viewing a problem as someone else's, the entrepreneur sees it as his or her own and takes pride in finding a solution. They leave things in better shape than they were before encountering them, and they always look for ways to improve upon situations rather than leaving them unattended. While a sense of ownership makes for a stellar employee, the entrepreneur knows that the goal is not to be burdened by too much responsibility. Rather than controlling situations in an attempt to possess them, the entrepreneur teaches other people how to take charge. This way, the entrepreneur uses individual accountability in the ultimate pursuit of profitability, teamwork, and overall success.

#3) The Ability to Communicate

Entrepreneurs recognize that the most important part of any business is the human element. Human resources, whether in the form of clients, employees, or strategic partners, are what makes or breaks a business, and communication is the key to successful relationships with people. The entrepreneur works to hone communication skills, whether those are written, spoken, or non-verbal messages conveyed through body language. And to support communication, he or she will take advantage of all every tools and resource at their disposal. These resources might include foreign language or public speaking classes, entrepreneur workshops, search engine optimization, or specialized writing skills needed for grants, business proposals, mission statements, or policy manuals. Above all, the entrepreneur develops a keen ability to listen and hear what others are trying to say, because the best communicators got that way by first being the best listeners.

To teach is to learn. And to lead, train, and impart experience to others, the entrepreneur is constantly striving to learn more and get better educated.

#4) Passion for Learning

Entrepreneurs are often “autodidactic” learners, which means that much of what they know they learned not in a formal classroom setting, but instead on their own by seeking out information, asking questions, and doing personal reading and research. They also are quick to learn from their own mistakes, which means they are less prone to keep repeating them due to arrogance, ego, or a blindness to one’s own faults, shortcomings, or errors in judgement. To teach is to learn. And to lead, train, and impart experience to others, the entrepreneur is constantly striving to learn more and get better educated. Because of the passion for education, true entrepreneurs surround themselves with people who either know more than they do, or know things that are different from what they know. They entertain the views of others and perspectives that may be unlike their own. In this way, they continue to enrich themselves with knowledge while also making a concerted effort to grow that knowledge by sharing it with others.

#5) Team Player

Those who go into business for themselves but do not utilize teamwork wind up without a team, but still have all the work to get done. They shoulder the whole burden for themselves, and wind up just trading their old job for a new and more demanding one in an attempt to be self-employed. The difference is, the new venture carries greater personal and financial risks. On the other hand, team players know how to succeed by employing the twin strategies of interpersonal synergy and dynamic relationships. One twig can be easily snapped, but a bundle of those small twigs becomes stronger than the sum of its individual parts and can be impossible to bend, much less break. The same goes for businesses; successful entrepreneurs leverage teamwork to get the heavy lifting done without breaking stride.

#6) System-Oriented

Like well-organized cookbooks, good systems allow us to reproduce great results every time, but with less and less exertion of energy or resources. Entrepreneurs rely upon systems before they rely upon people, and they look for system-based solutions before searching for human resource solutions. If the person gets the job done but falls sick or leaves, the job is threatened. But if a system is created to get the job done, anyone can step in and follow the blueprint to get the desired result. Similarly, when troubleshooting and problem solving, the entrepreneur will first examine and study the system, because a flaw in the system will produce a flawed outcome each and every time. Designing, implementing, and perfecting systems is one of the most useful and rewarding skills of an entrepreneur.

#7) Dedication

Entrepreneurs dedicate themselves to the fulfillment of their plans, visions, and dreams, and that tenacity of purpose resonates throughout the whole organization. One of the biggest reasons that companies fail is because they lose focus. Target a goal, clarify the objective, refine the brand, and narrow the margin of error. Regardless of what the effort might involve, an entrepreneur brings a single-minded

dedication to the task. They are committed to a positive outcome and ready to do whatever it takes to make it happen.

#8) Gratitude

Being grateful for what we have opens us up to receive more, and one reason that is true is because those who are grateful appreciate what they are given. They respect it and nurture it. They do their best to make it grow instead of allowing it to dwindle away due to neglect. Entrepreneurs learn to take nothing for granted in this world. That gives them the agility and flexibility to adapt to changes and demands, while also investing in them a thankfulness that reminds them that riches and wealth are not about “stuff”. They are about fulfillment, satisfaction, and the pleasure that comes from one’s accomplishments and contributions.

#9) Optimism

A positive outlook is essential for the entrepreneur. They learn to see setbacks as bargain-priced tuition for the valuable business lessons gained through firsthand experience. Past shortcomings, failures, or disappointments are relegated to the past so that they cannot continue to haunt the present or obstruct the future. And when things go right and business prospers, this further fuels the optimism and positive mindset of an entrepreneur, fueling momentum for greater accomplishments in the future.

#10) Gregariousness

Because business is all about people, entrepreneurs tend to be socially outgoing. They get excited about sharing ideas, products, and services, and that excitement is contagious to their employees, clients, friends, and other contacts both within and beyond the business sphere. But women and men who work hard as entrepreneurs also relish the unique opportunity to have fun doing something that they love as their primary vocation. Human resource experts, career counselors, and business psychologists all agree that those who do jobs they enjoy and are good at have higher rates of success and broader measures of satisfaction. Entrepreneurs know that firsthand from their own experience - they tend to be a fun-loving group of people both on and off the job.

#11) Leads by Example

Entrepreneurs not only lead themselves through self-motivation, but they are also skilled at leading others. They know the importance of teamwork, and they understand the need to appreciate others, support them, and reward them accordingly. True leaders do not become indispensable, otherwise things fall apart in their absence, and they can never rise to the highest level of entrepreneurial freedom and prosperity. Neither do they squander the potential of those working under their guidance. As renowned business consultant and retired United States Air Force Major General Perry M. Smith once wrote, “Leaders who share their power and their time can accomplish extraordinary things. The best leaders understand that leadership is the liberation of talent; hence they gain power not only by constantly giving it away, but also by not grabbing it back.”

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#12) Unafraid of Risk or Success

Many people could be successful if they took more chances. Of those who do take chances and become somewhat successful, they find the realization of their dreams an overwhelming possibility, so they sabotage their continued success by retreating back into a comfort zone of smallness. As discussed earlier, the employee mindset is preoccupied with a need for security. Those who cling to what is familiar to them – even if it means the denial of their dreams – lack the perseverance and ambition that the real entrepreneur exhibits. Entrepreneurs are not immune to fear. But they prioritize their approach to life so that the fear of failure, frustration, boredom, drudgery, and dissatisfaction far outweighs the lingering fear of success.

Recognizing the Entrepreneur Within

Many different types of people are drawn to entrepreneurship, and a wide variety of talents, aptitudes, and personal traits contribute to the entrepreneur's spirit, personality, and vision. The attitude, mindset, passion, and character that define a successful entrepreneur are sometimes hard to pinpoint, specify, or sum up in a profile. However, it is always easy to recognize these traits in an individual, or spot them in action within the business world.

By examining some of the more predominant qualities of the true entrepreneur, it is possible to emulate them, nurture and develop them for yourself. Alternatively, you can acknowledge whether or not you are actually suited to an entrepreneurial career. Not everyone is cut out to be an entrepreneur, and it is important to understand that fact. Otherwise, you might risk a substantial amount of time, energy, effort, and money trying to go into business for yourself – only to discover that it is not what you want out of life or what you are best suited to do. People who take the wrong path in life because they lack insight or understanding can waste valuable months, years, and financial resources in pursuit of a goal they did not truly want.

For others who are ideally fitted for an entrepreneurial career – and for whom it represents the fulfillment of their potential, desire, and personal and financial dreams – knowing how to verbalize, list, and define the fundamental essential temperament or nature of an entrepreneur can help tremendously.

Learning about the traits of the true entrepreneur can be a powerful driving tool, because resonates with what potential entrepreneurs already know about themselves and their personal aspirations. Having an inventory or checklist of particularly desirable qualities to refer to as a guideline can offer a way to better clarify your sense of purpose. It can help you reach objectives en route to the achievement of higher goals and bigger benchmarks. Understanding the disposition of the successful entrepreneur can give you a wonderfully inspiring boost of confidence, foresight, and determination when you realize that you, too, share that winning attitude.