



What Kind of Entrepreneur Are You?

By Bill Mills

Everything I know about building a successful business has come to me through the trials and efforts of others. Over the past 15 years, I've sat in on more than 700 mastermind meetings with business owners, presidents and CEOs. These men and women all have successful companies, but they've also made some very expensive mistakes along the way.

I've said before that entrepreneurs may be considered "brain damaged" because they tend to overlook or minimize risk. They will often throw their hat over the fence so they'll *have* to go get it. However, what if they overlooked a pack of rottweilers on the other side? Now what?

I've come to believe there are pragmatic entrepreneurs and emotional entrepreneurs. Both can be successful, but I prefer working with the pragmatics. They look for rottweilers.

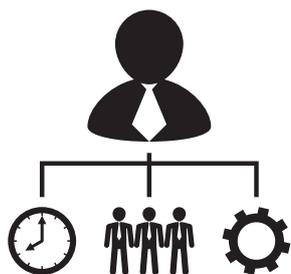
When evaluating an opportunity, the pragmatic entrepreneur will ask, "It is real, can we win and is it worth it?" They are trying to determine, "If I build it, will anyone care enough to pay me handsomely for it?" They do market research. They figure out if their new service allows their customers to win, if it provides a heightened experience or a new level of convenience. The *most* pragmatic entrepreneurs meet with customers and take orders for the ser-

vice *before* it has been created! These entrepreneurs understand that in today's oversupplied economy, it is possible to sell something before it has been built. It is the ultimate reality check.

I've seen people sink hundreds of thousands, if not millions, of dollars into the development of a solution only to roll it out and find people weren't all that interested.

By pre-selling a solution, pragmatists also gain insight into the questions, "Can we win?" and "Is it worth it?" If we can't beat the current solution handily and command a strong return, why spend our time and energy trying? It's much better to save our powder for the opportunities that pass the test on all three questions.

Before we commit, however, we must overcome two challenges. To win, we can't just be a little better or a little cheaper. To capture a customer's attention and to overcome both their switching costs and the risk of failure, we need to offer a significant value proposition and guarantee it. Surprisingly, in a world where more people are overserved than underserved, often the best way to do this is to offer 80 percent of the competition's offering, but at a price of maybe 50 percent. Discount airlines and basic cell phones are great examples of how to tap these opportunities.



To overcome the challenge of “Is it worth it?” I would channel Michael Porter, the Harvard strategy guru, who reminds us all that we are in a war for profit, not sales. Consequently, if you can’t drop at least 20 percent to the bottom line, I’d strongly suggest you pass on the opportunity. I have clients who routinely post pre-tax profits of 25-30 percent. Don’t settle. Look for solutions that pass both the “Can we win?” and “Is it worth it?” test.

This discipline is common in venture capitalists (VC) and all too rare in small business owners. VCs will look at hundreds of deals before they buy a company. Why shouldn’t entrepreneurs hold themselves to the same standard?

Just three questions, but if you’ll discipline yourself to fully explore them, you’ll soon find yourself an opportunity that is worth your best effort. Then, you’ll be on the inside track.

Bill Mills is the CEO of Executive Group, a CEO and leadership peer group grounded in proven processes for success. Visit www.mnexecutivegroup.com to learn more. To purchase his book, “The Power of Conscious Conversation,” email Bill at bill@mnexecutivegroup.com.



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