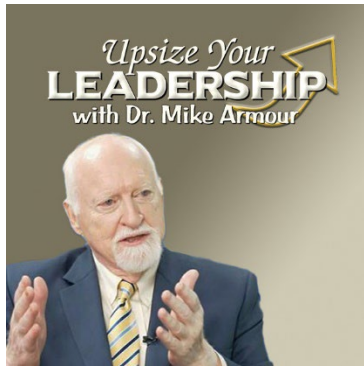


The Entrepreneurial Mindset

Hosted by Dr. Mike Armour

Episode 2303

Podcast Date: April 29, 2023



In this episode I want to delve into the entrepreneurial mindset. I've now coached over 800 leaders and executives and have trained thousands more on four continents. A fairly high percentage of these men and women have been entrepreneurs at heart. Today I want to take a foray into what I've observed about the distinctive attitudes and outlooks of entrepreneurial leaders. If you have any entrepreneurial interests at all, today's podcast is sure to help you Upsize Your Leadership.

As part of my marketing strategy, I subscribe to a number of lead-generation services. I typically receive one or two dozen qualified leads from them each week. Of these leads, about one in three is from someone wanting to start a business. They aspire to be an entrepreneur.

At one time, I took their desire at face value. I presumed that they understood what being an entrepreneur would demand of them. However, coaching engagements with them often revealed otherwise. Many of them had a very inadequate sense of what's required to be an entrepreneur.

In particular, they did not understand the mindset which undergirds entrepreneurial success. When I asked these people what they wanted from a coaching engagement, most were looking for coaching on technique and methods. Few were asking for help grasping what we might call "the inner world of entrepreneurialism."

Yet, anyone who spends time around genuine entrepreneurs quickly realizes that the highly successful ones don't look at the world the way most people do. This came home to me starkly in my twenties during a conversation with an entrepreneur who had gone broke.

We had met only weeks before. He and his wife had moved halfway across the country to start a new venture. Because I knew several people in his extended family, we quickly struck up a friendship. From my relationship with his family, I knew that he had been quite wealthy just two or three years before. But no longer. He was, to put it mildly, penniless.

One of the first things which struck me about him was his complete transparency about his situation. He was genuinely humble, despite his history of wealth and success. He was perfectly open about his situation and how he fell into it. He put on no false airs aimed at masking the fact that he and his lovely wife were on very hard times. They had literally lost everything in a

horrendous financial reversal. They had moved across country to be in an area where startups abounded. To them, it seemed like a great place to start over again.

He and I would occasionally meet in a restaurant to discuss ideas taking shape in his mind. Unless I was paying, we usually only drank coffee. His resources were so limited that he had to be judicious about every penny he spent, even for something as relatively inexpensive as a restaurant meal.

After I had bought several meals along the way, he invited me to his house one evening for dinner. It was an unpretentious meal, but quite tasty. His wife was an exceptional cook. After the meal was over, he and I retired to his tiny home office to continue our discussion of our dreams.

I was struck with the photos that adorned the room. Here was one of him golfing with a renowned international dignitary. Another of him in an intimate dinner setting with one of Wall Street's most renowned financiers. But there, among the pictures hanging on the wall, was a framed one-dollar bill. There was also a small, hand-written note included in the display.

I pointed toward the framed display and joked, "Is that the first dollar you ever earned?" "No," he replied. "Let me show you that bill up close." On examination, I could see that the bill had been autographed. Historically, paper currency has borne the signature of the Secretary of the Treasury under whose administration the bill was printed. This one was no exception.

But right above the printed signature was the same signature, written with pen and ink. Then I noticed that the note in the frame was in the same handwriting. It said simply, "Today we began printing the first dollar bills bearing my signature. So, I bought the first hundred of them to give to my 100 best friends."

As I was holding the frame and musing about all the movers and shakers my host had mingled with in his life, I asked, "How long will it take before you have a million dollar bills again?" I should add that this conversation was in the mid-1970s when a million dollars was a far more impressive sum than it is today.

He took the framed bill from my hand, studied it for a moment, then said, "It took me five years to earn my first million. From what I've been through since then and what I've learned from the experience, I believe I can cut that down to two-years this time around."

From penniless to millionaire in two years. He was confident he could do it. And since many of my listeners have no firsthand frame of reference for what a bold ambition that was, let me share a couple of data points with you. I had driven to his house in a top-of-the-line Chevrolet which I had bought new for \$3200. And I was living in a middle-class neighborhood, in a three-bedroom house that we had purchased for \$27,500. In a word, a million dollars was a lot of money.

Whether he made his ambitious goal or not, I don't know. A few weeks later he moved to the other side of the country to pursue a promising opportunity which had opened up there, and we lost track of one another and never crossed paths again.

But I will always remember that after-dinner conversation at his house and how it underscored to me – for the first time – the difference between entrepreneurial mindsets and the mindset of most people. My friend was not wallowing in embarrassment or discouragement because he

had lost a fortune. He simply looked at the entire episode as a learning experience that would position him to make an even bigger fortune in the future and make it in a fraction of the time.

It's that kind of outlook and attitude that I refer to when I speak of the entrepreneurial mindset. Optimism looking forward. Never giving themselves the luxury of wallowing in embarrassment or defeat for what the world would see as failure. Finding a way to use every experience as a learning opportunity which would multiply their impact moving forward.

I never dreamed in those early days of my career that I would have scores of personal relationships with successful entrepreneurs for the remainder of my life. And had I foreseen it, I could not have anticipated the striking difference in mindsets which sets true entrepreneurs apart.

In one brief podcast, I can't go into all of the distinguishing hallmarks of an entrepreneurial mindset. But let me touch briefly on a handful of them. First is a high sense of personal accountability. When want-to-be entrepreneurs approach me about being their coach, I always ask what motivates them to pursue the goal of entrepreneurship. One of the most frequent answers I hear is that they want to be independent. They want to be free of "the man" setting the agenda for their life.

And it is true that being an entrepreneur can give us independence. But it also means that there is nowhere to pass the buck. When things go wrong, we can't blame it on "the company," because we are the company. Even if it was the malfeasance or poor judgment of an employee who causes a setback for us, we were the one ultimately responsible for choosing that employee.

President Harry Truman famously had a sign on his desk in the Oval Office, a sign which read, "The buck stops here." Entrepreneurs must be prepared to live by that mantra. No scapegoating. No finger-pointing. No blame games. We never learn key lessons for the future when we are focused on blaming others. And the true entrepreneurial mindset is always focused on learning.

Perhaps you recently saw the two-hour interview which Tucker Carlson conducted with Elon Musk. The general public knows Musk as the progenitor of the Tesla or perhaps for his space exploration vehicles. Overlooked is the fact that he was pivotal and instrumental in the development of artificial intelligence, or AI. Much of the interview turned on the growing sense that AI poses a real threat of becoming more intelligent than the entirety of the human race which invented it.

During the interview, Musk freely acknowledged that threat. He had left the development of AI in the hands of others over a decade ago while he pursued other ambitions. Now he regrets that he took his hand off the AI throttle, because he now believes that it is being taken in directions whose full danger is unrecognized by those who are controlling its development.

But he's not wallowing in self-blame over his decision. Instead, he's exploring ways to get back into the AI field with technology which will provide safeguards against the doom which he foresees if the power of AI goes unchecked. For him, "The buck stops here." He has an extraordinary sense of responsibility.

A second distinguishing hallmark of entrepreneurialism is that you gain freedom to set your own hours. There are just fewer hours available to you. Entrepreneurialism is not a nine-to-five job. It

operates around the clock. There's always some pending danger, some promising opportunity, some pivotal development which demands immediate attention. And I might add, after two decades of running my own business, such moments typically arise at a time when you are already buried under a ton of routine obligations which are demanding attention.

This is why true entrepreneurs are system-builders, from day one. A potential client recently told me that he was seeking a coach to help him double the revenue from his business over the next three years. When I asked him what systems he had in place to accommodate such rapid expansion, his answer basically boiled down to, "I'm going to work a lot harder." I'm sorry. Working harder is not a system. It's a graveyard where systems go to die, because if we're working harder and harder, we have precious little time to keep the system in good running order.

Entrepreneurial vision must therefore be harnessed to a workable plan to tap people and systems to minimize time demands on the entrepreneur. As I work with "wannabe" entrepreneurs, especially those who are still approaching or are immersed in the startup phase, I always encourage them to start building skeletal systems from the first. Put the basic framework in place, I say, so that you can develop it and enhance it as you grow.

It's rare that my clients take this advice. They are so engrossed in the countless and endless demands of getting started that putting support systems in place – even skeletal systems – sounds like a luxury that they can ill afford. The problem is, once the enterprise takes off, the inefficiencies which their lack of systems creates mean that the work it takes to sustain performance grows more and more intense. That's when entrepreneurs learn that they have the freedom to set their own hours. There are just fewer hours available.

A third distinguishing hallmark of entrepreneurialism is that it allows you to pursue your passion. But what if others don't buy into it? What if the entire endeavor fails because others are not as excited about your product as you are? Are you sorely tempted to give up and never try again? Do you plunge into self-doubt and shattered confidence? Or do you quickly pick yourself up, brush yourself off, and get back in the game?

I know firsthand what it's like to struggle with such moments. Once my leadership development firm was well-established, with an impressive array of clients, I decided to spin off a new company, specifically aimed at helping entrepreneurs in the early phases of building a business. I recruited several coaches who were affiliated with me to join me in the effort. We spent months planning. We laid out an impressive array of services at very attractive prices. We developed an attractive, informative website We launched in a city where we had numerous avenues of publicity for what we were doing.

But the effort eventually fell on its face. Micro-entrepreneurs did not respond with the enthusiasm which we had anticipated for what we offered. All of us were disappointed, because we all believed in the exceptional value of what we offered. We had invested months and months of work, not to mention no small amount of money, into launching this enterprise. But we were unsuccessful in transferring our passion for our service to a paying clientele.

I therefore know firsthand the crushing emotions which come when your brilliant entrepreneurial notion finds no market. Were that to happen to you, how would you respond? True entrepreneurs accept setbacks – even painful setbacks – as disappointing, but not as a dead end. They move quickly to seek out the next promising opportunity.

Early in my adult life a very sage consultant said, “In every defeat are the seeds of some future victory.” That credo drives the entrepreneurial mindset.

The fourth distinguishing hallmark of entrepreneurialism is that you often must grapple with your toughest responsibilities and decisions at the time when you’re most exhausted. Thorny issues never seem to present themselves on a schedule that is convenient for you. When I was 37, I became president of a four-year liberal arts college, teetering on the edge of bankruptcy. It had gone two years without a president, a year with neither a president nor a chancellor, and student enrollment had dropped by double-digit percentages three years in a row.

I spent the next four years turning the college around, rebuilding enrollment, and getting the school on a more stable financial footing. Very quickly, I came to dread spring break. Not that there’s anything inherently wrong with spring break. For me, it simply came at a horrendous point in the year. It usually occurred about two weeks before the board would formally approve the operating budget for the fiscal year beginning July 1. So, while everyone else was out enjoying spring break, I was buried in spreadsheets and projections trying to tweak every scintilla of cost effectiveness out of our plans for the upcoming year. I spent my spring break putting in 18-hour days.

You see, our financial resources were always at their lowest ebb from April through July. Because the school had no summer program, there was no revenue from tuition between January and September. By May, we were living off the residue of fall and winter tuition with summer salaries and refurbishment expenses staring us in the face.

Through the winter months, I was on the road relentlessly, trying to raise money from donors. By spring break, therefore, I was worn to a frazzle. Yet, finalizing that budget was hanging over my head. Would we have to reduce faculty and administrative headcount? If so, by how much? Could I rely on the fall enrollment projections from the admissions team? Was the bank likely to raise the interest on our bridge loans over the course of the next year? What were my contingency plans if our projections were overly optimistic?

None of these were easy decisions. But they had to be made, whether I was exhausted or not. And most entrepreneurs find themselves in similar scenarios with surprising frequency. Thus, anyone stepping into the entrepreneurial world must be fully aware that their toughest decisions are likely to present themselves at the worst of times.

I will wrap up today with a fifth distinguishing hallmark of entrepreneurialism. Novice entrepreneurs tend to focus on the value of their product. Veteran entrepreneurs know that the greatest market advantage is in the value of their processes, not the value of their products. Without getting into an esoteric discussion of processes, let me say that processes which give you leverage as an entrepreneur boil down into three broad categories.

To be specific, they are processes which increase supply, processes which increase demand, and processes which increase simplicity or accessibility. And this is true whether you are leading a for-profit business or a not-for-profit organization. They are equally true whether you are selling hard goods or non-tangible services.

When people contact me to coach them through the launch of a business, one of my first questions is inevitably about where they will get their revenue? They immediately launch into a description of their product. When I follow up with a question as to why people will buy from

them rather than someone else, they typically respond with a description of their marketing plan or the customer base with which they already have an inroad.

Almost none of them talks about the competitive advantage which they will create by increasing a critically short supply, increasing demand for an already popular product or service, or increasing the simplicity or accessibility of a product or service that people already use substantially. Yet their ultimate success probably hinges on the clarity with which they can explain what makes their product or service more valuable than the same item bought somewhere else.

How have you responded internally as I've listed these realities associated with entrepreneurship? There are plenty of books and workshops which celebrate the splendor of being an entrepreneur. And it can indeed be a rewarding and fulfilling experience. But only for those who step into it understanding some of the stubborn and often unpleasant realities which come with being an entrepreneur.

Dr. Mike Armour is the managing principal of Strategic Leadership Development International, which he founded in Dallas in 2001. Learn more about his leadership development services at www.LeaderPerfect.com and his keynoting programs at www.MichaelArmour.com.

Upsize Your Leadership is a featured podcast on the [C-Suite Radio Network](#). It can also be accessed on iTunes, Google Play/Google Podcasts, Stitcher, Spotify, iHeart Radio and many other platforms which distribute podcasts.

Scripts for all episodes can be downloaded at UpsizeYourLeadership.com/episodes.

Notice: You are free to duplicate or redistribute this script so long as the authorship and copyright information are retained. This material is not in the public domain and is the intellectual property of the host.