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Lemonade Stands Are Just Too Static

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Early Lessons

By definition, if you're willing to take risks, you are willing to take a hit, all in the name of the potential big win. There's an inner confidence that's practically a prerequisite to risk-taking—a belief that win or lose, you'll carry on, and maybe even become that much stronger for it.

As kids, we took great pains to fit in—at almost all costs, and even as we tried to push boundaries. But those of us willing to march to our own tunes, expose ourselves to the judgment of others, and convince people to try things our way—well, we were getting a jumpstart on the self-sufficiency that we needed to develop for entrepreneurship.

On Barriers to Success

Entrepreneurial Insight

As an entrepreneur, it may seem as though there are tons of hurdles to overcome. But more than likely you will not overcome any of them without looking risk straight in the eye and moving forward. In a study put out by the Ewing Marion Kauffman Foundation (a Kansas City, Missouri, organization that studies entrepreneurship), 98 percent of those polled said that the biggest barrier to entrepreneurial success was the “lack of willingness or ability to take risks.” And there were other barriers, including the time and effort required (93 percent); difficulty raising capital (91 percent); business management skills (89 percent); knowledge about how to start a business (84 percent); industry and market knowledge (83 percent); and family/financial pressures to keep a traditional, steady job (73 percent). Surprising? Not really. No one ever said entrepreneurship was easy. Then again, few things in life that are this satisfying come without difficulty.

Consider the case of Jeff Hoffman, a cofounder of what ultimately became Priceline.com and other Internet companies (as well as executive producer of *Hostel* and *Cabin Fever*, horror films that grossed \$180 million and more than \$33 million, respectively). Growing up in Phoenix, Arizona, Hoffman saw entrepreneurship figure into his life early on with a paper route in the 1970s. He realized almost immediately that hard work provided sure access to life's good things. "That was a big deal to me, because it granted me independence," he explains. And back in the 1970s, that independence empowered him to buy what he wanted most: baseball cards. The paper route also featured an added bonus of reflection time. Hoffman delivered papers to a lot of big homes, including that of famed director Steven Spielberg, who was already making small films. Riding through those neighborhoods in the quiet dawn, Hoffman passed some time wondering what his clients did for a living in order to afford homes there.

By the time Hoffman reached high school, he had outgrown his paper route; however, he quickly found other ways to produce an income, including selling plant seeds and, later, books. "It wasn't about the money," he notes, "but I liked having money in my pocket for the work I did. I liked that you could go do something you wanted to. I liked the feeling that hard work and freedom could give you, even then." And unlike some of his peers, Hoffman never had to beg his parents for anything. He had the gratifying experience of being able to pay his way with his own earnings.

As it turned out, Hoffman didn't know any other path. "That entrepreneurial mind-set was part of my DNA," he says, adding that his mother produced an income by launching businesses, including a property management venture that served Canadian clients who liked to spend their winters in Arizona. "Her actions are what produced results," Hoffman points out. "She started a company and wrote to these owners. It was a tough row to hoe, as most of her competitors were men. But her example showed me that if there was a will, there was a way." Starting a business might strike fear in some, Hoffman notes, but watching his mother build a successful enterprise showed him that entrepreneurship was possible.

Regrettably, not all of us have entrepreneurial role models to emulate as Hoffman did. In fact, more than half of the entrepreneurs surveyed in a report by the Kauffman Foundation said they were the

first in their families to start a business venture. Those of us with role models might not have been as surprised at some of the obstacles we would encounter as these novices were.

When Hoffman graduated from high school, he craved a lot more than baseball cards. Once accepted by Yale University, Hoffman wanted more than anything to enroll there; however, coming up with the tuition proved to be a challenge. And because he was offered scholarships to colleges closer to home, his parents didn't see Yale as a must-attend. So Hoffman enrolled anyway and turned to what he always knew—entrepreneurship—as his ticket, this time into prestigious Yale University. When he was confronted by Yale's treasurer and asked to cough up tuition, "I started my first company my first year at Yale," Hoffman recalls. "I didn't do it because I was smart and wanted experience; it was simply the only option I had: either work or go home."

At this time it was the early 1980s. Software was new, and Hoffman knew he could make money in it. So he began bidding on work for accounting and law firms. There was no stopping him. As Hoffman tells it, "I wrote proposals. I studied hard. I went to companies and said, 'Do you need any software work done?'"

His sales acumen proved to be his greatest strength, and soon Hoffman was amassing clients. There was just one rather substantial flaw: "I didn't know how to create software," he says with a laugh. So he went to local high schools and Yale's computer department and hired people to write the software for him. Hoffman would then mark up the price, and every time he received a check, he'd pay his tuition—and that's how he afforded his Ivy League education. As time went on, Hoffman learned to write the software himself—and at that point, Yale itself became one of his clients. "The school was my biggest customer, ironically," he says. "My favorite project was rewriting the tuition billing system when I was a student."

Entrepreneurial Insight

Some entrepreneurs, who grow up watching their parents try to launch a business, learn early on that when there is a will, almost anything is possible.

Joe Corcoran, the New York producer who helped make *Tony and Tina's Wedding* the second-longest-running show in off-Broadway history, saw the rewards of entrepreneurship early on. "I always knew I'd be in my own business, even as a little kid," says Corcoran. As a former Wall Streeter, Corcoran began to fully realize his entrepreneurial talents during his college years, when he ran mini boat cruises, complete with beer and food, for which he charged \$30 a ticket. "I thought it would be fun," says Corcoran, who during his early years had a paper route on Long Island. "I was always doing these kinds of things. Get enough people on a bus for a ski trip, and you go for free. I always had summer jobs, always worked." For Corcoran, entrepreneurship was *fun*—which was a key element to the success behind *Tony and Tina's Wedding*, an interactive performance where the audience gets to party as if they were at a close friend's wedding. His experiences prove that the old mantra is true: If you love what you do, work becomes much easier. In fact, it hardly seems like work at all.

Entrepreneurial Insight

This old mantra is true: If you love what you do, "work" becomes that much easier. In fact, it hardly seems like work at all.

Corcoran grew up in suburbia on the proverbial wrong side of the tracks. Despite its difficulties, the environment in which he spent his youth helped him to establish a strong work ethic. His mother was a homemaker, raising five kids, while his father earned a moderate salary at a big company where Corcoran worked summers. "A lot of my friends came from a lot more money than we did," he says. "I went to parties and people's houses and said, 'Wow, look at this house,' and met the parents. I wasn't intimidated. It was nice to grow up in that environment to see what it could be."

Yet the power of money doesn't necessarily drive all—or even most—entrepreneurs. In fact, many individuals who launch their own enterprises are often from middle-class or upper-lower-class families (though this demographic is more likely to be motivated by wealth), according to the Kauffman Foundation. Consider, for

example, Broadway and off-Broadway producer Ken Davenport. As a member of a well-to-do family, Davenport explains that he was surrounded by entrepreneurship while growing up. As the child of divorce, Davenport was influenced by his parents in divergent ways. His father, a learned man, was born and raised in Bombay and settled in the United States to practice cardiology. His stepfather, on the other hand, never graduated from high school, but he owned one of the most successful construction companies in the New England town where the family lived. “My mother married two polar opposites,” Davenport says, looking back. “But they both had a work ethic. My father is 80 years old, my stepfather is 73, and they are both still working.” Davenport learned firsthand from both men the benefit of hard work. “It was instilled in me to *want* to work and be successful as early as when I was in the Cub Scouts. I wanted to sell prizes for cash in the back of *Boys’ Life* magazine.”

It’s therefore not surprising to learn that Davenport went into business for himself as a kid. “I wanted to get out there and start working and making money,” he recalls. “I’m not sure where it came from, unless it was genetic. I wasn’t desperate for money, but when I saw my parents working so hard, I wanted to do the same.” For that reason, Davenport started to sell candy from his father’s cardiology office through an enterprise he called Kenneth’s Kandy Shop. His dad taught him about wholesaling—how to buy a box of candy for five dollars and sell individual portions for 50 cents apiece.

Davenport’s father’s participation in his son’s entrepreneurial endeavors is a clear example of how parents constantly send messages to their kids that may unwittingly influence their future. My own mom tried many times to start up businesses when I was a kid; however, she found it impossible to prevail as an entrepreneur while also being a single working parent raising three boys. Still, thanks to her resiliency, we never wanted for anything or did without. My dad, on the other hand, was always the dedicated, hard-working employee. Though neither of them ever sat me down and talked strategy the way Davenport’s dad did, I learned a lot from them simply by observing the best aspects of each parent and applying these traits to my own business and professional life. When I launched my own payroll company, I was new to the industry.

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But I took my mom's willingness to try new things and added my dad's steadfastness while I was still young and had few responsibilities. I may not have realized it at the time, but these early influences helped me triumph in business.

Entrepreneurial Insight

One of the best traits you can have as an entrepreneur is resiliency.

Davenport continued his entrepreneurial exploration when he began selling knives through a company called Cutco Cutlery while attending college. It was during the recession of the early 1990s, and there was a scarcity of jobs in Massachusetts. But Davenport was somewhat wowed by Cutco's inventory, which was sold one-on-one. There were scissors that cut pennies and other products, sold only through reps—not stores—an approach that he felt leant a certain cachet. Plus, the company taught him and the other reps how to sell their product. Davenport was in business—though the going wasn't easy. "I got rejected so many times, even kicked out of people's homes," he says. "But I did well enough. I earned 15 percent commission. The process was as follows: You bought a sample kit. The more you sold, the more commission you got. You *could* get 50 percent commission, but I decided that approach wasn't for me." Davenport realized he was not going to sell knives forever, so he made a decision to go back to college; however, he admits that he still has a set of the knives.

Though he certainly didn't love every aspect of selling items from candy to knives, Davenport's early lessons served him well. "I was the type of salesman who could absolutely sell the product if I believed in it," he says. It's a skill not unlike raising funds for a Broadway production. If the salesman is truly inspired, his enthusiasm shines through.

For Davenport, passion clearly was a key ingredient for ringing up sales. And while it's essential to believe in the product or service you are selling, the passion for success itself can be the ultimate motivator. I'd be the first to admit that by specializing in payroll, my company hardly provides a very sexy commodity. Yet I am without

question passionate about the process of building a business, and that means cultivating relationships and delivering an excellent product and service. When you're passionate about your offering's success, investors take note.

Consider the experience of David Becker, president of 10-year-old San Francisco branding and packaging agency Philippe Becker, whose clients include big brand names such as Starbucks, Safeway, and Whole Foods, to name just a few. Becker likes to clear his head by skydiving. While it's a pursuit that many would label precarious, it's one that he calls "a misunderstood activity." Sure, it involves risk; but Becker minimizes the risk by choosing the proper equipment, receiving the right amount of training, and judging whether or not to go. The approach he takes here is one that helps him a lot in business.

In fact, one might say that Becker's professional life is simply another exercise in balancing risk, since a big part of his work involves convincing clients to consider new concepts and visions for a brand. Becker sees entrepreneurship as "creating something that wasn't previously there"—something for which "you need vision, drive, and a willingness to step into an area where no one's stepped before."

That takes confidence—and, yes, a willingness to take risks. "We're not here to squeak along; we're here to do something big," Becker asserts. "If you want big rewards, you've got to take risks. If you do what's prescribed, you're not going to do anything big."

Entrepreneurial Insight

Enthusiasm coupled with a solid product or service can help an entrepreneur gain entry into almost any marketplace.

It's this bigger reality that is arguably the ultimate risk an entrepreneur can take. Because when you put yourself truly out there—as an artist, professional, or brand—there is literally nowhere to hide. Either your fans and/or customers like you or they don't. This is something I recognized firsthand when launching *Basso On Business*, a web show that I hosted to help fellow entrepreneurs recognize and overcome the challenges they faced in order to grow their businesses.

If the show had been a flop, my reputation would have suffered, since my name is right there on the brand, front and center, and my image is directly on the line. Talk about making myself vulnerable! But perhaps that aspect is what helps propel me forward to produce each new episode and aim to make it better than the last.

Scott Snibbe, CEO of Snibbe Interactive, has built his company's name around the concept of art, community, and technology. His San Francisco firm creates interactive installations for museums, theme parks, theaters, and other locations. Snibbe uses technology to capture the movement of the human body on screens, mirrors, and more to interact through expression. "My whole motivation is trying to build a business making something that's beautiful, meaningful, socially engaging, and enhances people's ability to communicate," Snibbe says. According to him, it's the kind of installation one must experience to fully realize—an innovation that you might not know you were missing if you didn't see it for yourself. It's a business, Snibbe claims, at which he arrived through creativity and innovation. Treading somewhat into no-man's-land takes a certain kind of conviction, a quality to which Snibbe says he was consistently exposed in his childhood.

"My parents were artists," he says. "They worked in technology—which was plastics at the time—and in sculpture as well. My dad made a geometric kite, a perpetual motion machine that creates more energy than it consumes. In essence, it breaks the laws of physics. My dad was also a cabinet maker."

As the children of artists, Snibbe and his brother and sister lived unconventionally. "Growing up, we had no TV; we had a shop where we'd make whatever items we desired, using whatever tools we wanted. My parents wanted us to be creative, to do whatever we wanted with our lives."

For Snibbe, that pursuit was a mix of artist/scientist/inventor, which he carried into his studies at Brown University and eventually to the Rhode Island School of Design. Snibbe then sought out a career vehicle to satisfy these urges. He wasn't naive about the reality of his chosen career; he knew by observing his parents that he'd have difficulty making a living as a full-time artist. However, he wasn't afraid to forge his own path. That was something he learned from his parents as well, who thought nothing of allowing Snibbe and his

siblings to stay home from school and create things in the shop. “They taught us that we had to make our own decisions. If you know that something is right for you, you have to travel in that direction. This guidance gave each one of us a real independent streak,” says Snibbe, who adds that it did occasionally cause trouble in school for himself and his siblings. But at the same time, Snibbe explains, he was always learning, even on those days when he opted to skip school. “Because my parents were artists, they treated our interests seriously and taught us professional techniques.” The guidance that Snibbe’s parents provided helped him to build his success as he forged his way through his company into largely uncharted territory.

Sometimes parents can even nurture their children and shape their destiny without necessarily knowing much about the particular industry in which they have an interest. This was the case for Evan Lamberg. Though Lamberg doesn’t own a business, he’s been downright entrepreneurial in building a successful career in the music field and working with such artists as Rob Thomas of Matchbox Twenty. Today, he serves as Executive Vice President of Creative at Universal Music Publishing Group’s East Coast division.

“I had spent three years as a pre-med student at SUNY Albany. I was a year away from applying to medical school and taking my MCATs, and I was a little disgruntled,” Lamberg reveals. “Sensing that I wasn’t happy with the path I’d chosen, my mother suggested that I might be better suited for the music industry. She even went so far as to do some research at the library, and found a program at NYU for music and business.” For Lamberg—who used to stay up late reading *Billboard* magazine as a 13-year-old in order to catch up on music producers and labels—the program offered him the chance to enter an industry where he had no connections. All he had were parents who went the extra mile, simply because his mother wanted to see him happy and spending his time doing something he loved. Lamberg explains gratefully that this switch from medicine to music “shaped my entire life.”

Perhaps the key ingredient needed to break through as a talented artist is a role model who focuses and perseveres. Take, for example, fashion designer and *Project Runway* contestant Ari Fish. “I had my first job when I was thirteen. I worked illegally (because of my age) at a Best Western as a maid. My mother worked as a night auditor there, as well as both a substitute teacher and a college professor.”

Fish saw her mother build what she called an empire. Was it an empire, truly? That hardly matters, as the definition of such a claim is truly in the eye of the beholder. But whether it was attaining unprecedented wealth or supporting her family on her own terms, Fish saw her mother call her own shots, something that served for her as the ultimate inspiration. As Fish puts it, “I wanted to do the same, in my own way.”

Fish had a penchant for independence and a complete absence of fear, mixed with a quest to keep moving forward. As she explains, “I believe the most innovative designers are those who are at first self-taught—those who had such a dire need to design that they gave it a go with all the naïveté of a child and the ambition of a warrior. We are trained from the beginning to be self-sufficient if we want anything done right—and by ‘right’ I mean designed and produced to some otherworldly bizarre standard.”

Entrepreneurial Insight

Perhaps the best formula for innovation is creativity, with a healthy dose of conviction.

Not all successful businesspersons had parents who taught them to take risks. Nor do they always have entrepreneurs in their families. Entrepreneurial DNA is probably not enough to triumph. There’s a lot more than this at play, all of which we examine in the next chapters.

Everyday Case Study/Less Stress for Success

Subject Business: Ultimate Class Limousine and Ground Transportation

Owner Name: Matt Silver

View Video at: www.BassoOnBusiness.com

Ultimate Class is run by a brash leader named Matt Silver, who is ever-present on the regional networking and charity circuit.

In fact, I would say that he knows more people in the New York/New Jersey/Connecticut area than any other human being. Silver runs a fleet of cars, buses, vans, and limos that deliver prom-goers, professionals, and soon-to-be-married couples to and from their destinations within a reasonable price point and with professional service. Sounds great, right?

The only problem is that Matt has spent many years working so feverishly to ensure his clients were well taken care of that he has neglected his own peace of mind. In fact, Matt's stress level was at an all-time high when the Basso On Business team visited his location. Matt answers the phone, jumps in a car himself if a driver does not show up, and even takes reservations. When we arrived at the Ultimate Class facility, we were immediately impressed by the number of vehicles in his garage. We were further astounded by the very small number of staff members working in the office to make his business machine hum. Then we sat back and observed.

Matt was a virtual whirlwind. He would do anything and everything that needed to be completed the minute the task came up on his radar. And while he performed enviably and without a misstep, he did so at a price. Matt confided in us that after more than 20 years running his company, he felt that the stress was beginning to take its toll. He realized he needed to find a way to manage his business more efficiently and take steps to reduce his stress level to ensure he kept himself healthy enough to enjoy his family and the fruits of his success.

To prove the point that he was a bit overwhelmed, we saved a voice message he left on my business phone. He was confirming the appointment for my team to come down and tape our show at his office. The only problem was that he was calling a week early, a half hour late—and headed in the wrong location. He was clearly overloaded and needed to make some changes.

Matt was using an outdated handwritten agenda book for all the appointments he needed to keep. He did carry a Black-Berry for e-mail purposes, but for some reason did not use that

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technology to keep his appointments straight. We asked him what would happen if he lost his agenda book, and we received a blank stare in return. It was clear that he would be utterly lost without this item, and this would certainly cause even greater stress.

Matt also had an incredibly exhausting networking schedule that often kept him out six nights a week. It was becoming very burdensome, since every night he was out meant another night that he wasn't home with his family after working long hours all day. There is only so much of that anyone's family and business can take. The economy was tough; because Matt had seen several smaller local companies fail, he felt it necessary to put in the extra networking hours in order to keep his business afloat.

We worked through some simple suggestions that Matt has since implemented in his business; these have helped reduce his stress levels and have created a more efficient operation. First, we got Matt up to speed on using the BlackBerry for all his appointments. It's not that there was anything wrong with his paper agenda; it was just that he didn't have any backup if he lost it. Using the BlackBerry presented a more practical solution, since he carried the unit anyway to use as a phone and e-mail source.

Matt realized he could not jump on the phone every time it rang; instead, he needed to spend his time bringing in new business. To fill this gap in his office, he hired a part time reservationist to fill some open time in his staffing. This has helped dramatically in raising productivity and reducing stress. As for Matt jumping in cars if a driver is out, I would hazard a guess he still does it occasionally; however, he told me that it doesn't happen nearly as much as it used to. He also implemented some infrastructure changes to make sure that there is always someone available for backup if a staff member can't make a pick-up.

Perhaps most importantly, Matt reduced his networking schedule significantly, and is now more selective about where and when to go to make sure he maximizes his opportunities. As for adding help in the sales department, it appears Matt thrives on this aspect of his job and enjoys being the rainmaker.

That's perfectly fine as long as he realizes that his overall growth could be limited while he is the only one prospecting for new business.

SUMMARY

- Get organized and use technology to stay on top of your tasks and appointments.
- Delegate properly to ensure tasks are handled appropriately and empower your staff to do it.
- Pick your battles in the marketplace. You can't be everywhere all the time, so be selective in the events you attend.
- Realize that reducing stress will increase productivity.

Information taken from a personal interview with Matt Silver on June 4, 2010; video © Basso On Business, Inc.

Summary

Entrepreneurs, by their very nature, are a motivated lot. They are not afraid to blaze their own trail to success, creating a path of independence along the way. In addition, many of them:

- Learned to be self-reliant as kids, whether they did so by holding part-time jobs such as paper routes, or watching their parents try to create their own ventures.
- Are resourceful and able to figure out a way around barriers to entry.
- Find entrepreneurship fun, even when facing tough challenges.
- Thrive on the successes they have, which helps them to persevere.
- Bring a level of enthusiasm to the table that helps open doors and bring in orders.
- Are passionate about doing something *big*.
- Add creativity to the mix, whether it's charting a new direction or producing something new in the market.
- Are sometimes lucky enough to have a role model or mentor who makes risk-taking much easier.

