



SOBER ENTREPRENEURSHIP

Why Modern Entrepreneurs Won't Succeed Under the Influence
Carol Roth

The Modern Entrepreneurial Paradigm (a.k.a. It's Not 1930 Anymore)

With a struggling economy, the current zeitgeist is that we need innovation, entrepreneurship and small business activity to become the engine for sustainable growth. Entrepreneurship has long been a hallmark of our capitalistic society. In 1931, the concept of the American Dream was coined and entrepreneurship flourished. Over the past 80 years, hungry individuals with innovative ideas have created businesses ranging from the groundbreaking (Microsoft) to the fun (Nike) to the mundane but necessary (the corner dry cleaner).

But it's not the 1930s anymore and the American Dream needs to be looked at differently.

Entrepreneurship today is more accessible—and more complicated—than ever before. Given technologies that enable access to information, the good news is that you can work from just about everywhere. The bad news is that you can work from just about everywhere. The amount of additional administrative and non-revenue producing tasks that an entrepreneur needs to do today is staggering. The lines between our personal and professional lives are getting blurred, whether it's with our time or even our social media interactions. Balance in our lives is harder to define and to achieve.

Let's also not forget that we already have virtually everything that we need and most of the things that we want (and a bunch of stuff that we don't really care about). Most of the biggest employers in our country didn't exist in the 1930s. But despite the number of products and services available to us and the increasing challenges of business ownership, we are fostering entrepreneurship blindly. According to the Kauffman Foundation, we are seeing approximately

6 million new businesses created every year. Most of those aren't driven by innovation and if recent history is an indicator, they won't grow or even exist five years from now.

If we are going to hang our hat on entrepreneurship, we need to ensure more successes, avoid the number of true failures and make sure that we have the right people pursuing the right opportunities at the right time with the right preparation.

Friends don't let friends start businesses under the influence.

Following Your Heart vs. Your Head vs. Your Gut

There is an intoxicating element about starting a new business. It gets your head spinning and your adrenaline pumping as you fantasize about the possibilities of being in charge of a new empire. But is that emotion “business lust” or “business love”? Lust is just as intoxicating and leads to poor judgment (and often regrets). I call this “business beer goggles”—when you are so intoxicated by a business concept that the business idea looks a lot better to you than it is in reality.

Emotion can fuel you to get outside of your comfort zone, but business decisions need to be tempered with sound judgment. This is not just from your head—which can hold you back by rationalizing fear—but also from your gut. Is what you are evaluating realistic? Where are the issues that you aren't seeing? If you are so close to it that you are having a “can't see the forest through the trees” issue, you need some input from trusted business wingmen (or wingwomen).

Passion will get you going, but perseverance will keep you going.

The Wedding vs. Happily Ever After

How many people do you know that have their entire wedding day planned out in excruciating detail? They have spent months fretting over tablecloths and the song for the first dance.

They have tasted every cake filling from vanilla buttercream to strawberry preserves, have arranged for 20 doves to be released when the ceremony is finished and have an hour-by-hour honeymoon itinerary. What happens after that? They figure that they will live, “happily ever after.” However, the real hard work in a marriage isn’t planning the wedding or the honeymoon—it’s when the honeymoon is over. Working on the relationship to keep it strong and thriving day-in and day-out is the hard part. And a lot of couples who forget about this end up divorced.

The same thing goes for business. Entrepreneurs spend a lot of time brainstorming the idea, perfecting prototypes, products and services and planning for the launch. That’s the wedding and the honeymoon. The real work begins though, in the business, once it is launched. More time and seriousness needs to be given to “happily ever after.”

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You conceive your business idea, model and plan once, and in the grand scheme of things it's fairly low risk, with little difficulty and little work. However, you have to do a whole cadre of activities on an ongoing basis, including:

Fine Tuning Business Model	Manufacturing Products	Managing Logistics
Creating Updated Business Plans	Finding Retailers or Resellers	Following the Competition
Hiring Employees	Building Out Your Store	Outmaneuvering the Competition
Managing Employees	Performing Services	Creating New Innovations
Training Employees	Identifying Customers	Managing Your Brand
Investing Money	Marketing to Customers	Protecting Intellectual Property
Taking on Risk & Opportunity Cost	Servicing Customers	Decreasing Operating Costs
Designing Products/Services	Performing Customer Service	Managing Your Service Providers
	Automating Your Systems	

This is what happily ever after is all about. It's about the execution, not just the idea.

The sober reality of our competitive environment is that we have hundreds of choices for cola, let alone soft drinks, let alone beverages in general. It's not 1930 and the landscape doesn't have myriad Greenfield opportunities.

Ideas are no longer enough. Fabulous ideas fail, stupid ideas succeed and the same companies are brought to the brink of bankruptcy and back to the pinnacle of success by different management teams. Success is brought about by execution, not ideas. The happily ever after is what counts.

We need to foster a culture of execution, not just ideas.

Drinking the Passion Flavored Kool-Aid

With tough economic times and demanding lives, we are in search of balance and fulfillment. This has created a huge “follow your passion” movement, which suggests that you should earn a living—perhaps by building a business—from your greatest life passion.

It’s time to put down the passion flavored Kool-Aid and think about opportunities from your customer’s perspective as much as from your own perspective.

While I think that successful businesses have leaders (and often employees, by the way) who are passionate about the business opportunity and their customers, you do not need to start with your life’s passion as a starting point. If you are passionate about the television show Dexter, I’m pretty sure that doesn’t translate into you starting a serial killer business (despite being amoral and illegal, I don’t think the market opportunity is that large). But seriously, why do so many people think that you need to earn a living from what you love to do the most?

Passion isn’t a starting point: Zappos.com is a business where passion followed opportunity, but wasn’t the starting point. I can’t imagine that Tony Hsieh is more passionate about shoes than most of the women I know. He is, however, completely passionate about customer service, which has taken the business to the top of its game. But people’s life passions generally aren’t around concepts like customer service, which drive successful businesses. Kids grow up wanting to be firemen, ballerinas, baseball players or Star Wars characters, not community builders. If you ask someone their passion, I can guarantee that 99 out of a 100 times or more you will get answers like golf, dancing, wine, scrapbooking or sex before customer service, community building and customer loyalty. If you start with passion, Imelda Marcos or Sex & the City’s Carrie Bradshaw end up running Zappos.com before Tony Hsieh.

Successful businesses identify a customer need or want—an opportunity. When the entrepreneur is incredibly passionate about filling that customer need and is uniquely positioned to be the best person to do so in some way, shape or form, that’s where business success happens.

And here’s the brilliant part: where are you going to find an opportunity? As long as you aren’t a bandwagon hopper trying to jump on whatever is hot, you will likely find an opportunity from an area of interest. If you have no interest in green technologies, it’s not likely you will notice a customer need in that area. On the other hand, if you are a foodie, it’s quite possible that you will run into an opportunity in or around food.

The reason work is not called “fun” or “hobby”: One of the ways to truly have some semblance of balance in life is to try to keep your work life from seeping into the rest of your life (increasingly difficult, I know). But truly, if you have something that you do to relieve stress or add joy to your life, do you want to layer on the requirement of earning a living from it? Once you depend on something to put food on your family’s table and to pay your mortgage, it changes the entire nature of the relationship. Sometimes, work can be fun, but it’s not called that for a reason. Plus, we weren’t designed to always be “on.” We need time to recombobulate and relax.

Passions are magical, but businesses are grounded in realities. Do you remember when Dorothy and the gang peered behind the curtain to find out the Wizard of Oz wasn’t an all-powerful being, but rather, kind of a loser? Or when you found out that Santa Claus wasn’t real? Or when you figured out that your parents weren’t superheroes, just people with flaws? It sucked, right? Our hobbies are about escapism. There is a bit of magic and fantasy in them. When you make that your business, you are privy to the nuts and bolts. That tempers the magic.

It's not all about you: Having a hobby is a total self-indulgence. It is something that you can do that is mostly—if not entirely—you-centric. While you may think that you can have a business that is all about you, you would be wrong. A business is about your customers. In your business, you only get a say if it jives with your customers' wants. Otherwise, they don't buy from you.

If you are approaching a business from what you are lacking or missing or passionate about, you are completely ignoring those who allow you to have a business—your customers. Again, our environment is fraught with competition. Customers, whose attention spans are contracting, are bombarded with messages and are harder to reach than ever. You have to make the customers the most important part of your business.

If you want to fulfill a passion, do it. That's what hobbies and free time are for. But if you intertwine that desire with a business, remember that your passion does not pay you for goods or services.

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Business is about running a business: Your job when you run a business is to run a business. Ask how many hours the photographer spends shooting photos, the foodie spends baking and the wedding planner spends picking out linens and flowers vs. doing a bunch of crappy administrative tasks. It's a bit out of balance. Just because you love doing your hobby, you don't get to do that particular facet of it 100% of the time when it becomes your business.

Moreover, there's no relationship between loving something and being good at running a business related to doing that something. A passion for cooking lasagna doesn't automatically qualify you to run an Italian restaurant or start a food company (neither does a passion for eating lasagna, for that matter).

While you may find an opportunity from things you are passionate about, I don't think it's the best starting place to create a business. Of course, there are exceptions to every rule. However, the exceptions don't make for a good strategy. It is possible to win the lottery, but that doesn't mean that you should invest all of your money in lottery tickets.

At the end of the day, while you absolutely need to be passionate about making your business a success, you don't need to make a business from your greatest passion in life. Don't let anyone tell you otherwise. Find the opportunities that ignite a passion within you—that is where the success will happen.

If you are drinking the Kool-aid, sober up before you move forward.

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Living Sober

Getting sober about business doesn't equate to having no fun. It means having a clear head. It means doing the prep work. The boy scouts know the value of preparation and statistics show that businesses with plans succeed at a higher rate than those without.

We need to be real about this. Are you:

Motivated by the right factors? Do you understand that the customers are the boss, not you? Are you inspired to serve them and meet their needs? Or are you hopping on the hot bandwagon?

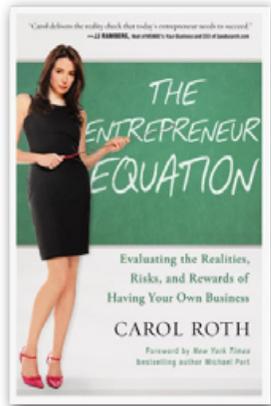
Are you pursuing an opportunity that makes sense? Is the opportunity and business model that you are pursuing big enough to justify the risks that you have to take on to make it happen? Is it remarkable, viable, scalable and suitable for you?

Is it the right time? Timing plays a huge factor in business success and I am not talking about market timing. Do you have your finances in order? Can you prioritize the business in your life? Do you have the right experience?

Have you done everything you can do to stack the odds in your favor? Have you tested out the business, failing fast on a limited budget before betting the farm? Have you put the right network in place?

If your answers to these questions are "no," take the time to get it right up front. There's a lot of motivational "just do-it" stuff around, but action without purpose can have you just spinning in a circle and getting tired. If you want to get somewhere, research it to make sure it really is what you had imagined, set it as the goal and figure out the path to get there. It doesn't help to jump in the car and drive north if you are trying to get to the South Pole. Action for action's sake doesn't make a lot of sense.

You must roll up your sleeves and do the damn work, but make sure that you aren't looking at entrepreneurship through business beer goggles. 🍺



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ABOUT THE AUTHOR

Carol Roth is a business strategist, deal maker and author of the New York Times bestselling book, *The Entrepreneur Equation*. Carol has worked with hundreds of companies, ranging from a single entrepreneur with an idea to Fortune 500 businesses, on all aspects of business and financial strategy. Collectively, she has helped her clients raise more than \$1 billion in capital, complete \$750+ million in mergers and acquisitions, secure high-profile licensing and partnership deals, create brand loyalty programs and more. You can find her online at carolroth.com and on Twitter at [@CarolJSRoth](https://twitter.com/CarolJSRoth).

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