



Where are your entrepreneurial strengths and weaknesses?

These notes are to support the teleclass to The Internet Marketing Group lead by Denise Taylor on 27th March 2007.

To start a business and run it successfully, a range of essential entrepreneurial personality characteristics and business and technical skills are necessary.

You want your own business, but before you get started you need to focus on what you can offer and also to understand yourself – your strengths and limitations.

A research review found that many researchers use the data from an article by Geoffrey A Timmons published in The Harvard Business Review. In a study of entrepreneurs he came up with nine entrepreneurial qualities:

1. A high level of drive and energy
2. Enough self-confidence to take carefully calculated, moderate risk
3. Readiness to learn from your own mistakes and failures
4. A clear idea of money as a way of keeping score and as a means of generating more money
5. The ability to get other people to work with you and for you productively
6. High but realistic, achievable goals
7. Belief that you can control your own destiny
8. A long-term vision of the future of your business
9. Intense competitive urge, with self-imposed standards

Let's address these in turn.

1: A high level of drive and energy

Do you have the drive to succeed? Can you motivate yourself to do the big tasks? What about the small? How able are you to follow through and make things happen? Do you expect results to be down to you, rather than to blame external factors? Will you work long hours, give up a social life at times and neglect your family? Do you believe that the personal circumstances will be worth while?

How would you rate your level of drive? (1-10 scale)

What motivates you?

Have you ever thought about what motivates you? Is it success, recognition, financial rewards, what? Being clear on this will help you to keep going and to seek out the right ways to motivate yourself. Have a read on the different ways we can be motivated on the next page.

Dave Francis, based on the work of Edgar Schein has identified 9 different ways we can be motivated:

1. **Material Rewards:** Seeking possessions, wealth and a high standard of living
2. **Power and Influence:** Seeking to be in control of people and resources
3. **Search for Meaning:** Seeking to do things which are believed to be valuable in their own right
4. **Expertise:** Seeking a high level of accomplishment in a particular field
5. **Creativity:** Seeking to be innovative and to be identified with original output
6. **Affiliation:** Seeking social relationships with others at work
7. **Autonomy:** Seeking independence and autonomy, the freedom to make key decisions oneself
8. **Security:** Seeking a solid and predictable future
9. **Status:** Seeking to be recognised, admired and respected by the community at large

Make a note of what motivates you so you can get as much of this into your life as possible

2: Enough self-confidence to take carefully calculated, moderate risk

2.1: Self confidence

How much confidence do you have in yourself at the moment?

- Confidence in your abilities
- Confidence to deal with others
- Confidence you will be a success

How would you rate your confidence level?

2.2: Will you take risks?

There are risks with setting up in business, some of them are calculated, and some of them may not be anticipated. You want to be able to anticipate and think things through. For example, if there are financial risks you want to look at how to minimise these, and also perhaps to look for other income streams. Perhaps you could start the business in the evenings while you continue in work, or move to part time working?

Some businesses have minimal financial outlay but some people will pay out money unnecessarily. You don't need to pay for premises, in most cases, you can work from home. If there are going to be substantial financial outlays you need to ask yourself how much you are willing to risk, and you may also like to consider possible impact on family.

How would you rate your ability to deal with risk?

3: Readiness to learn from your own mistakes and failures

3.1: Emotional stability

To what extent are you stable of temperament or do you have periods of high and low moods? It can often be the people with the extremes that get most done (in their periods of elation) but sometimes they can take too many ill thought through risks. It could be worth thinking about yourself – when you are in high and low moods, how does this affect your decision making? For some people when in a high mood they can waste money and become reckless. Then in a low mood they withdraw and don't achieve anything. What would help you to keep your moods more stable? Think about the past, how have you reacted to pressure? What works best for you? If you have made a mistake, how do you respond?

How do you respond to failure and setbacks? Only one in 3 start ups make it to the end of the third year. What can you do to increase your chance of success? Sometimes people see setbacks as a reason to quit, when if they had kept a calmer head things would have sorted themselves out. Sometimes it is better to change the way you see something – it's not failure, but learning experiences. What do you learn from the situation?

When you think you may fail, take the focus away and think about why you started in business, what were your original expectations and is it still possible?

3.2: Tolerant of uncertainty, and able to deal with setbacks

When you first start to work for yourself there are a lot of unknowns. Is this something you are comfortable with? The unknown of whether you are going to make a success of your business, how you will deal with limited financial rewards, how you will respond to negative feedback from customers, or a lack of sales.

Thinking through in advance how you will react and respond can allow you to prepare. Why not think over your previous experience. How have you responded to disappointment, frustration etc?

Do you deal calmly or get emotional? What sort of an emotional response? Would it help to practice a response to different approaches so you have some choice in how you respond? If you know you get frustrated, how could you deal with this more effectively etc?

Success - It is just as important to think about success as well as when things could go wrong. **Many people will sabotage themselves as they are not mentally able to deal with success. It may help to think about when you have been successful in the past and how you reacted.** You may also want to discuss this with a coach.

4: A clear idea of money as a way of keeping score and as a means of generating more money

How well do you understand money and cash flow? You need to understand if the activities are paying off? We need to ensure the cash flows, and not too much money is held in stock.

5: The ability to get other people to work with you and for you productively

When we first set up a business we are often working alone but we get benefit from being with others – to share ideas and get inspiration. Then there is customer relations and service.

Are you an extrovert or an introvert – this can help you to decide on how best to maintain customer relations – would you prefer to focus on email communication rather than face to face meetings?

Willingness to work as a team: You can't do everything so you will need to work with others. How are your team working skills? What sort of people will you need as your business moves into the next phase? Sometimes an entrepreneur needs to pull together the right team. Very few people are gifted in all areas of business, so it makes sense to find individuals who are a compliment to your business objectives. If you are weak in one area, search out individuals who are strong in the areas where strength is required.

Are you able to delegate or, do you feel you must do everything yourself, not trusting anyone to do as good a job as you can do? If so, you will accomplish little as you will be too busy to do the important tasks. So what can be done to make you more willing to delegate?

6: High but realistic, achievable goals

I covered goals in February's call and you can access the recording here:

<http://www.amazingpeople.co.uk/goals.htm>

7: Belief that you can control your own destiny

The psychological theory this is based on is called **The Locus of Control of Reinforcement**. The concept was developed originally by Julian Rotter in the 1950s.

External Locus of Control: Individual believes that his/her behaviour is guided by fate, luck, or other external circumstances

Internal Locus of Control: Individual believes that his/her behaviour is guided by his/her personal decisions and efforts.

You can measure locus of control via a short test here:

<http://www.psych.uncc.edu/pagoolka/LocusofControl-intro.html>

Scores range from 0 to 13. A low score indicates an internal control while a high score indicates external control.

A person with an internal locus of control will attribute the failure to meet a desired goal to poor personal preparation, whereas, one with an external locus of control will attribute failure to circumstances beyond the individual's control.

Locus of control is a concept that has a significant effect on our daily lives. Those with an external locus of control believe that their own actions do not influence future outcomes. This makes individuals less likely to work to reach their full potential due to the motivational, emotional, and cognitive deficits it creates.

8: A long-term vision of the future of your business

Creative thinker with a vision for the future

Are you a good source of ideas? Can you pick up on trends? If you don't have the ideas yourself can you seek support from others?

9: Intense competitive urge, with self-imposed standards

You have got to want to succeed and have the work ethic to focus



The skills of the entrepreneur

These notes are to support the teleclass to The Internet Marketing Group lead by Denise Taylor on 27th March 2007.

Having looked at the personal qualities let me now move onto the skills of the entrepreneur, again you will be able to measure yourself and see how you match.

To start a business and run it successfully a range of essential skills are required:

1: Marketing and sales skill

If you are running your own business you must understand marketing and sales – you need to identify your potential customers and persuading them to buy your products or services. If you don't have this skill, get on a course!

It can help to have an underlying interest: do you think you will enjoy identifying, approaching and trying to convince potential customers to buy your product?

What about merchandising? Is this something that appeals and you want to develop? For an on line business your website is your store – do you like to make it inviting?

- Are you likely to be interested in initiating market research and developing marketing plans?
- Could you spend so much time on sales that you neglect the infrastructure needed to support your sales activity?
- How interested are you in planning and preparing promotional materials?

MBTI LINK: A preference for **Extraversion** will help you make contacts that can lead to new sales, but you may have to be careful to give introverted customers time to think before you attempt to close the deal.

2: Financial skill

There are numerous financial tasks - bookkeeping, estimating, invoicing, negotiating credit terms, controlling cash flow. Are you going to learn how to do these yourself, or get someone else to do it for you?

You do need to have some interest in accountancy and this will help you to analyse how your business is doing, seek sources of funding and compile with tax laws.

- Do you like to set up databases and track business activities, but would this take you away from other aspects of your business?
- How interested are you in doing mundane but necessary financial tasks?
- Are you interested in the basic book keeping tasks or do you need to outsource this?

MBTI LINK: Sensing can be useful in managing daily cash flow and other financial details that can keep your business viable. The benefits of being more **Intuitive** can mean you are able to see the larger financial picture and anticipate long term financial trends that may affect your business.

Thinking can help with the analytical work that financial management requires, It may be more difficult for you however to include the needs and values of others in your analysis which could strain your business relations with vendors and customers. For **Feeling** types it is the opposite.

3: Operations and Administration

Without organisation how will things happen? You will want to have systems in place to take orders, handle inquiries, maintain records etc.

If you have a high interest in managing your office, may you neglect external aspects of your business such as contacting companies?

How comfortable are you in using computer systems?

Do you like negotiating to purchase things and keeping track of costs, delivery and performance?

Are you someone with good organisational skills? Do you complete tasks or do you prefer to start many jobs and never finishing anything

MBTI LINK: With a preference for **Sensing** you may enjoy taking care of the relevant and necessary details involved in the operations of your business. However you may find it more difficult to focus on your businesses long term possibilities.

With a preference for **Judging** you may be comfortable with schedules and systems and will enjoy planning and organise necessary operational tasks. But you may resist changing your routines, even if it becomes clear a new approach is needed.

4: Management skills (General)

As CEO of your company it is your responsibility to establish short and long term business goals, to organise and schedule people and tasks, to develop the processes, to deliver your products or services etc.

To what extent do you like a technical focus and should your business focus more on this area?

Are you someone who plans or do you act more on impulse?

If you have done the MBTI assessment this relates to the judging- perceiving scale.

- To what extent do you plan, how helpful is this
- How able are you to react to new challenges or information?
- How well do you manage your time?
- If you are impulsive, what can you do to ensure you do think things through thoroughly?

MBTI LINK: A preference for **Thinking** may be useful when analysing data, preparing a business plan and making tough decisions that affect the bottom line.

A preference for **Judging** can help you make final decisions in a timely manner, provide structure and follow through on tasks. However a preference for Judging can also mean you find it more difficult to deal with the ambiguities involved in starting a new business, adapting to changes in the market and quickly taking advantage of new opportunities.

5: Management skills (Human resources)

As your business grows you may have people to manage. For the future you may need to think about recruitment, team building, motivation, knowledge of employment law, health and safety etc. Most of this work could be outsourced or is this something you would like to do?

Do you have a high interest in managing others? This will be useful when your business grows but how will you satisfy this interest if your company stays small?

MBTI LINK: **Feeling** can be useful for many HR tasks and has been shown to be related to using interpersonal skills to solve employee related problems. With a preference for **Thinking** you may need to remind yourself to consider others values and the impact of your decisions on them. A preference for Thinking can help you to make difficult employee decisions when your company's bottom line is in jeopardy.

This list of skills is not exhaustive, but does show the range of skills needed in running a business. Each of these skills is essential, and if you don't possess them you will need to find someone with complimentary skills, either as a partner or to buy in resource.

Wishing you every success in your business,

Denise Taylor

Denise Taylor is a Chartered Occupational Psychologist specialising in career development. Her research focuses on helping people understand what their natural talents and abilities are so they can use this to achieve career satisfaction. Denise has a successful private practice working with people at different stages in their careers, including potential entrepreneurs. She has been featured on BBC Radio 4, local radio and has published numerous articles.



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