

# Philosophy and Reality of Entrepreneurship

BY KJ LEE

Before you take the time to read this article, be informed that it is indeed hard to be an entrepreneur. It warrants passion, sacrifice, total commitment and willingness to spend day and night (even in your sleep) thinking and working on the vision and the business plan for your product. So is it for you?

Entrepreneurship is the process of creating value from innovation, then pitching it and commercialising it. It can be a new device, a new process or a new service line. Where does one start? The basic steps are outlined in this article.

## Look for a need in the marketplace

Invent / innovate a solution for the need. It is better not to have a solution first and then look for a need to solve. To have a solution first and then look for a market or need has been done, but it is harder.

After identifying the unfulfilled need, one needs to have the vision and the overall expertise to create the solution. Having the vision is *sine qua non*. The entrepreneur either has the detailed expertise or finds people who have it.

## Prepare the legal groundwork

Early on, consult an intellectual property lawyer to protect the intellectual property by filing a provisional application with the patent and trademark office of the country you are located in. Attorney Michael Kinney advises that prior to discussing your vision, the receiving party should sign a Confidentiality Nondisclosure Agreement.

A legal business entity needs to be created. In the United States, the entity can be organised as a C Corporation, S Corporation or a Limited Liability Company (LLC). Again, an attorney is needed as there are pros and cons for each business entity. It is also wise to consult a tax attorney or a business accountant knowledgeable in this field. Usually an LLC is simpler to organise

at the early stage. A C Corporation is easier to transform into a public traded company.

## Financing your project

As the saying goes, "you need money to make money". The entrepreneur needs to invest some of his own money first to convince investors that he is serious, believes in his own invention / innovation and has 'skin in the game'. The amount varies depending on the entrepreneur and the project.

Then the entrepreneur needs to be able to demonstrate and convince 'friends and relatives' to invest. Prior to accepting any money, it is wise to produce a Private Placement Memorandum (PPM) outlining clearly not only the potential rewards but more critically the potential pitfalls, sort of a disclaimer or 'informed consent', a term commonly used in the medical / surgical arena. It is wise to have a qualified attorney help produce the PPM.

Not surprisingly, bills from attorneys, accountants, engineers, etc. will start piling up before the company makes a penny. It is prudent to shop and compare not only attorneys' hourly rates but how the attorney counts his / her hours. The same applies to other vendors. Entrepreneurs must be good stewards of the investors' money.

## Build a great team around you

Then comes management, support, marketing and 'technicals'. The entrepreneur needs to surround himself with smart people who embrace the vision and the culture and at the same time have ideas to contribute. The team members have to be team players with

integrity, loyalty and a follow-through work ethic.

In any company after the 'innovation' phase, come the 'maker' and the 'seller'. Until a routine quality control mechanism is established, the entrepreneur has to work closely with the technical team to make sure the product is exactly what it is supposed to be. Quality control has to be done by the entrepreneur or delegated to a very reliable, trusted, compulsive person who is also well versed in the specifications of the original vision. In addition, a conscientious 'go to' person needs to be on board looking after the day-to-day details as well as marketing and sales. Just like watching the legal and accountancy bills, it is wise to keep an eye on the cost of the rest of the team and at the same time reward loyal, trusted members of the team – both employees and independent contractors. According to Henry CK Liu, an advisor to the People's Republic of China and the United States, to build a successful company, organisation or political party, one needs loyal and respectful people. In my opinion, it is harder to find loyal and respectful people than smart people.

In 1998 I learned at a seminar that most entrepreneurs have a track record of being considerate, at times generous and willing to help those who help the leader. Most entrepreneurs are protective of the team, the company, the shareholders and the mission. A good entrepreneur always remembers the opportunity given to him by all their investors, not just the most recent investors. At the same seminar it was pointed out that entrepreneurs often

encounter illogical, non-team players, non-supportive unappreciative people who believe they deserve what does not belong to them. A start-up company needs a team that is loyal, flexible regarding work hours and has superb work ethics and people skills. Loyalty has to flow in both directions.

**Your role as the entrepreneur**

The entrepreneur is the catalyst and the glue for the whole process; the cheerleader, the quarterback and the drill sergeant. He has to know all that is going on so that nothing falls between the cracks. He needs a team that routinely and unobtrusively feeds him all the information. Many young companies fail because something went wrong and no one informed the entrepreneur. At the same time, an entrepreneur needs to be able to delegate to a likeminded, trusted and loyal staff as the company grows. It is a delicate balancing act.

All great entrepreneurs possess two things: (1) they know where they are going and (2) they are able to persuade others to follow. People buy into the entrepreneur first, then the vision. Entrepreneurship is developed daily and not in a day. Entrepreneurs believe luck is what you make of it. Successful entrepreneurs are learners of self-discipline and perseverance. Entrepreneurs appreciate and nurture the talents of an individual and reward him appropriately. Entrepreneurs appreciate and manage the limitations of an individual. Entrepreneurs have the ability to get the members of an

organisation to accept ownership of the vision as their own. It takes an entrepreneur to create momentum and the followers catch it. Entrepreneurs never forget that people are the greatest asset and take good care of them.

Entrepreneurs with vision believe not only that what they envision can be done, but that it must be done. They do not accept the status quo. They see more than others see, see farther than others

see, and see before others see.

A test of an entrepreneur is the ability to recognise a problem before it becomes an emergency. An entrepreneur's challenge is to renew continuously, to anticipate change – to anticipate where the market will be, not where it is or has been. He must be both a visionary and a strategist. He must be a storyteller, commander, a change agent and an architect.

**TABLE 1: THE ENTREPRENEUR AS LEADER AND MANAGER.**

Managers	Leaders
Do things right	Do the right things
Are interested in efficiency	Are interested in effectiveness as well
Administer	Innovate
Focus on systems and structures	Focus on people
Rely on control	Rely on trust
Organise and staff	Align people with a direction
Emphasise tactics, structures and systems	Emphasise philosophy, core values and shared goals
Have a short-term view	Have a long-term view as well
Accept the status quo	Challenge the status quo
Focus on the present	Focus on the future as well
Have their eyes on the bottom line	Have their eyes on the horizon
Develop detailed steps and timetables	Develop vision and strategies
Seek predictability and order	Study change
Avoid risks	Govern risks
Are given a position	Take initiative to lead

**TABLE 2: A SELECTION FROM FORBES'S TOP 32 QUOTES EVERY ENTREPRENEUR SHOULD LIVE BY.**

- "Winners never quit and quitters never win."* Vince Lombardi
- "It's fine to celebrate success but it is more important to heed the lessons of failure."* Bill Gates
- "I have not failed. I've just found 10,000 ways that won't work."* Thomas Edison
- "Logic will get you from A to B. Imagination will take you everywhere."* Albert Einstein
- "Success is walking from failure to failure with no loss of enthusiasm."* Winston Churchill
- "I don't know the key to success, but the key to failure is trying to please everybody."* Bill Cosby
- "Entrepreneurship is living a few years of your life like most people won't so you can spend the rest of your life like most people can't."* Warren G Tracy's student
- "Keep away from people who try to belittle your ambitions. Small people always do that, but the really great make you feel that you, too, can become great."* Mark Twain
- "Whatever the mind can conceive and believe, the mind can achieve."* Napoleon Hill
- "What is not started will never get finished."* Johan Wolfgang von Goethe
- "When you cease to dream you cease to live."* Malcolm Forbes
- "Formal education will make you a living; self-education will make you a fortune."* Jim Rohn
- "The most valuable thing you can make is a mistake – you can't learn anything from being perfect."* Adam Osborne
- "Choose a job that you like, and you will never have to work a day in your life."* Confucius
- "Your most unhappy customers are your greatest source of learning."* Bill Gates

Great entrepreneurs are seldom blindsided. To be successful one must preserve all through life the attitude of being receptive to new ideas. One experience a person absolutely must have to become an entrepreneur is failure.

An entrepreneur can understand both of the following statements: "Don't attribute to conspiracy that which can be attributed to incompetency"; "Don't attribute to incompetency that which can be attributed to conspiracy" (Thomas Marshall).

An entrepreneur understands what Abraham Lincoln learned, that no matter what he did, there were going to be people who would not be pleased. He handled defamation, most frequently, by ignoring attacks. He avoided provocation by looking at the humorous side.

An entrepreneur must be a leader as well as a manager, as illustrated in Table 1.

Some quotes from Forbes's Top 32

Quotes Every Entrepreneur Should Live By may be worth considering (Table 2).

### Conclusion

In conclusion, do not be discouraged. All things are difficult before they become easy. Great things are accomplished by a series of small things brought together. Realise every step is a step forward, no matter how small a step. In fact, even a step backward is a step forward for we learn from our mistakes. Thomas Edison supposedly said entrepreneurship is 1% inspiration, 99% perspiration. I believe it is more like 40% inspiration, 40% perspiration and 20% luck. Rather than doing it alone, strategic joint ventures may be helpful. The entrepreneur should be aware of the book by Andrew Grove, Chairman and CEO of Intel Corporation, *Only the Paranoid Survive*. Paranoia is someone who has lived it, knows what actually goes on and comprehends life. Perhaps an entrepreneur should also live by the 'Master in the Art of Living'.

"The master in the art of living makes little distinction between his work and his play, his labour and his leisure, his mind and his body, his occupation and his recreation. He hardly knows which is which. He simply pursues his vision of excellence in whatever he does leaving others to decide whether he is working or playing. To him he is always doing both" (Zen Buddhist quote, subsequently quoted by Thoreau).



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