WHAT IT TAKES TO BE AN ENTREPRENEUR: A QUESTIONNAIRE APPROACH

by J. R. Mancuso

Alfred North Whitehead once said, "The greatest invention of all is the invention of inventing inventions." If that is the case, the person who introduces an invention to the world—the entrepreneur—must share that greatness. An entrepreneur is a person who creates an on-going business enterprise from nothing.

Much has been written about the entrepreneur, his desires, his motivations, and his characteristics; but most of this literature has been the result of deep scientific investigation that has neglected the "human" side of the issue.

Actually, it is very difficult to study the entrepreneur. Many, if not most, are absorbed into the business world and eventually cannot be separated from the whole. This is especially true of the majority of entrepreneurs whose ventures fail. Therefore, most previous studies have been limited to successful entrepreneurs.

During the past several years, I have worked directly with more than 250 entrepreneurs in a variety of businesses and industries. I have been their confidant and sounding board, working with winners and losers alike.

THE ENTREPRENEUR

What makes an entrepreneur run? Why is he more at home in his swivel chair than in his living room? What makes him willing to lose his wife, his wits, and even his wad—not once, but three or four times? Why can't he be happy working for someone else? Why does he always have to get it alone? What's with him anyway?

When the other kids were out playing ball, why was he busy hustling lemonade? When his friends were dating cheerleaders, why was he organizing rock concerts? Or marketing grandmother's pickle recipe? Or inventing a better fly swatter? Is he really smarter than the rest of us? Or just crazy?

What I discovered was that, strangely enough, entrepreneurs do share many traits—too many to be purely coincidental. And, when I started to dig deeper, I hit on all sorts of strange phenomena.

The following questionnaire is the result of this investigation. While it lacks hard statistical back-up, it does offer insight into the entrepreneur philosophy. Why not try it yourself to see if you've got what it takes to be an entrepreneur. You can even score it in the privacy of your own home or office. No one needs to know the real truth but you.

THE RESEARCH

My research methods have been criticized by some academicians. They would prefer a statistical sampling technique and a hypothesis testing approach to indicate significance levels of each of these findings. While I'm sympathetic to that scientific plea, I believe it is too difficult a constraint to be operational. Not only does this approach become chiefly an issue of standard deviation, but oftentimes the hypothesis is deemed to be true when it is not. I claim there is a false sense of security in this orthodox, scientific approach.
For a study of this sort, I contend that my approach of observing and probing and living among the population and drawing conclusions as I go is more suitable. When the subject matter is sensitive and the population is unknown, this research technique often produces better results. These two characteristics certainly apply to studies of entrepreneurs. The subject matter is sensitive and extremely private. Mail or phone questionnaires are ineffective measuring instruments for this type of information. The population is unknown, as well. Who is an entrepreneur? If you begin as other scientific studies have, the original population is drawn from a directory of small companies, or a list of existing entrepreneurial ventures, or a venture capitalists’ directory. The problem here should be obvious. The unsuccessful entrepreneurs have disappeared. They are not listed anywhere. Their business is gone and they do not maintain a phone number for the convenience of follow-up researchers. To give further emphasis to this point, recall that most entrepreneurs fail. Hence the majority of the breed don’t exist to be discovered and interviewed. Consequently most earlier scientific research has been based only on successful entrepreneurs. And they too are a biased sample.

As an analogy, let’s assume that, given certain data, we are trying to decide whether or not a rape occurred. Now this is certainly a sensitive topic. The populations will be different but unknown. All data gathering will be suspect. In case A, let’s say one hundred witnesses were present and eighty claimed a rape was performed while twenty disagreed. Depending upon the hypothesis and significance level, one could support the position “yes, a rape occurred” on a scientific basis. In case B, only five witnesses were present but all five agreed a rape had taken place. None of the witnesses said it hadn’t taken place. In which of these two cases, A or B, are the data more convincing? Which has the greatest likelihood of being right?

This is a classic issue and I’m sure I won’t answer it to everyone’s satisfaction. However, most people would agree that any experienced judge or lawyer would be more convinced in case B. He would take this position because, despite the small sample, all of the evidence pointed in the same direction. In doing so he would simply be facing reality in interpreting data and drawing conclusions. While he also could be in error, this is the standard that he would apply.

In my research of a sensitive area and an unknown population, I chose a similar approach. My sample of three hundred entrepreneurs in the Northeast is certainly biased. So my extrapolation to the whole may be wrong. However, my conclusions were based upon my interpretation. When many people provided the same answer and scattered special cases were the only contradictory evidence, I called it a conclusion. In no case are these conclusions based upon armchair observations. Each was arrived at only after the same data were generated from a number of independent sources. While the conclusions were more overwhelming in some cases than in others, that alone doesn’t make them closer to the truth. I present these data for your own interpretation. You may disagree and you may be right. But, based upon this research, at least we have a common point of departure.

THE QUESTIONNAIRE

1) An entrepreneur is most commonly the ______________ child in the family.
   a. oldest   c. youngest
   b. middle   d. doesn’t matter

There is no doubt about this answer. All the independently conducted studies agree that entrepreneurs are high achievers. Dr. David McClelland at Harvard and Dr. Stanley Schacter at Columbia have written about
achievement motivation. Along with others they conclude the first born (or oldest) child in a family normally is the high achiever or—in my words—an entrepreneur. In my work, this single finding was almost infallible. Especially when one considers the reality that two-thirds of all people are not first born.

In fact, George Washington, Abraham Lincoln, Thomas Jefferson, Woodrow Wilson, Franklin D. Roosevelt, all were first children. Of the first 23 astronauts to go on U.S. space missions, 21 were first born. In a recent analysis of merit scholarship winners, 60 per cent were also first-born children. Well over 60 per cent of the entrepreneurs I have worked with were first children.

A small point of interpretation here may be helpful. A high-need achiever is normally the oldest child in the family but not always. Of late, families have had children in clusters. Let's say, for instance, a family has children age 12, 10, 8 and then has a new addition to the family. This new addition can also be considered a first child. An only child is also a first child, naturally.

So, if you missed this one—watch out; you may be bucking some severe odds.

2) An entrepreneur is most commonly:
   a. married c. widowed
   b. single d. divorced

Here's a touchy topic. The data is fluid and interpretations vary widely. In my research with over 300 entrepreneurs primarily based in the Northeast and the West Coast, I concluded the vast majority were married. Most men in their 30's are married so this alone is not a significant finding. However, I did find the successful entrepreneur had an exceptionally supportive wife. She provided love and stability to balance the insecurity and stress of the job.

Marriages without an extremely supportive wife ended in divorce. No doubt, divorce among entrepreneurs is higher than in competing but similar professions. In addition, unsuccessful entrepreneurs had the largest divorce rate of all.

So, I guess my message is simple. A supportive (non-women's-liberation-type) wife significantly increases the entrepreneur's chances of success. Otherwise, a successful, but divorced entrepreneur is the next logical step. A strained love life is just too much to add to a strained business life.

This question was offered as an easy one to help improve your score. But it also might start you thinking.

3) An entrepreneur is most typically:
   a. man c. either
   b. woman

Almost everyone gets this question right. Everybody knows only a handful of women have started an on-going business enterprise from nothing. Entrepreneurship is one of the last male strongholds. While women are making headway into business and even in sophisticated segments of business, such as management consulting, to date they haven't penetrated the entrepreneurial ranks except in a few isolated but small industries (cosmetics, fashion).

4) An individual begins his first entrepreneurial company at which age?
   a. teens d. forties
   b. twenties e. fifties
   c. thirties

The data on this topic have shifted over the past twenty years. In earlier studies Professors Collins and Moore (University of Michigan, The Enterprising Man, 1958) found the answer to this question to be between 38 and 42 years old. Professor Ed Roberts at MIT found the average age in the early and mid-sixties was between 35 and 40 years. My work,
conducted during the late sixties and early seventies, indicates the average age to be between 30 and 35 years. Hence a downward shift in age has been the trend during the past twenty years. I have noticed a number of individuals who began their first entrepreneurial venture while in their twenties.

Most people answer this question correctly but the added knowledge of this shifting pattern may make this answer of "thirties" incorrect in the 1980's.

5) An individual's entrepreneurial tendency first appears evident at which of these stages?
   a. teens  d. forties
   b. twenties  e. fifties
   c. thirties

Entrepreneurial traits show up very early in life. The enterprising boy becomes the enterprising man. I found many entrepreneurs had begun little businesses before their teens. But sometime during high school or college these characteristics almost always blossom. This finding applies to well over three-fourths of the entrepreneurs I have surveyed. Coin and stamp collecting, rock concerts and dances, selling clothes and appliances, lawn and snow services, and a paper route are common examples.

Hence this leads me to conclude these entrepreneurial traits are obvious early, probably in the teens.

6) An entrepreneur has typically made the following educational progress:
   a. grammar school  
   b. high school diploma
   c. bachelor's degree
   d. master's degree
   e. doctor's degree

This question is controversial. Few other writers agree with my finding. The work done in the fifties concludes that most entrepreneurs neglected to complete high school, never mind college. Ed Land at Polaroid is a popular example of the self-made man who dropped out of MIT to begin his entrepreneurial venture.

My data indicate that the master's degree is the most common degree. It can be in either business management or a technical discipline. Compare this finding with the obvious fact that most businessmen have at least a bachelor's degree today. Entrepreneurs are showing more respect for education (being high achievers) and obtain the master's degree. Few carry this respect to the extreme of going for the doctorate. This takes too much time and is seldom worth the extra effort, in their view.

This finding contradicts earlier research but appears to be entirely accurate. Most of you probably got this question wrong, but don't worry, easier questions are coming.

7) An entrepreneur's primary motivation for starting his own business is:
   a. to make money
   b. to be famous
   c. as an outlet for unused energy
   d. because they can't work for anyone else

The answer here is pretty well agreed upon by everyone. Entrepreneurs seldom leave a secure environment and a steady job for the primary purpose of making money. Their view, in my opinion, is that the attainment of wealth is a by-product of a more noble goal—and to be famous is almost never the reason for starting a business.

An energy outlet is equally irrelevant to a would-be entrepreneur. He is usually more concerned about his use of time than just to start a business to have something to do.

The last reason, because he can't work for anyone else, is more to the point. He is an independent, free spirit. He has great difficulty following other's directions. He seeks to do his own thing. This is central to all entrepreneurs. They have to be boss.
8) The primary motivation for the entrepreneur's high ego and need for achievement is based upon his relationship with:
   a. his wife   c. his father
   b. his mother   d. his children

   Most everyone guesses "father" as the answer to this question, and, from my research, they are right. His children and his wife enter his life too late to do more than modestly alter his basic characteristics. The mother and father are more predominant in the entrepreneur's personality development.

   The real question is the varying impact of the roles of mother and father. The mother has the greatest exposure to a growing child, but the father-son relationship is central to the entrepreneur's motivation. The entrepreneur either seeks to show his old man who is best or, in the case where the father has left the family, the oldest boy often has to assume immense responsibility early in life.

   So, in my experience, the father provided the motivation and drive for the entrepreneur. Even when he is in his thirties, and his dad is retired, the approval and praise of his father still provides a basis for his drive.

9) An entrepreneur brings which of these items from business to business:
   a. desk
   b. chair
   c. all office furniture
   d. none of these items

   The answer is a chair. Most guess this answer correctly. However, this phenomenon has not been discussed by any other researcher. Most others have chosen to ignore it even when they discovered it.

   I discovered that entrepreneurs fall in love with a good chair. The relationship is roughly equivalent to that of Archie Bunker and his favorite chair. It's his and no one else dares sit in it for fear of offending him. It's not really as dramatic as that example, but most do have a strong preference for a certain chair.

   For reasons of comfort and convenience, entrepreneurs prefer a chair over any other piece of office furniture—so much so, in fact, that they strive to carry the same chair from business to business.

10) To be successful in an entrepreneurial venture you need:
   a. an abundance of money
   b. lots of luck
   c. a great deal of hard work
   d. a good idea

   This one may cause concern for you, and most get this question wrong, but as I see it the answer should be obvious.

   We all know that money alone is not enough to make an entrepreneurial venture successful. The classic story of Viatron, where about $50 million was invested before bankruptcy, indicates the ineffectiveness of money alone.

   Hard work and a good idea are helpful in starting and succeeding in a small business. But hard work alone can seldom make a troublesome situation into a success. A good idea offers a greater chance of success, but a great many good ideas end up in the garbage heaps.

   Now luck is a different matter. More and more luck significantly compensates for other weaknesses. Of the successful entrepreneurs I have known in the past eight years, all agreed that they were damn lucky. A few key breaks early, according to them, were what made the difference. Sorry you answered this question incorrectly—you just weren't lucky!

11) Entrepreneurs and venture capitalists:
   a. get along well
   b. are the best of friends
   c. are cordial friends
   d. are in secret conflict
The answer to this question always causes great difficulty, especially for money men. These folks universally prefer to believe they are the best friends with their entrepreneurs, and, in a few cases, it’s true.

In the great success stories, entrepreneur and venture capitalist are pictured walking along hand in hand. My research strongly indicates this is the exception, not the rule. Most small businesses fail (some say about 9 out of 10). Every business, save a handful, need second and third rounds of financing. At these stages the entrepreneur-venture capitalist relationship shifts from cordialities to stress. Many times this causes a permanent split or, in other words, a divorce. The marriage needs more money and this issue divides them and puts them in conflict.

For the few success stories, such as Digital Equipment Corporation and American Research and Development and Data General Corporation and Mr. Fred Adler, there are hundreds of failures. Sorry again!

12) A successful entrepreneur relies on which of these groups for critical management advice:
   a. internal management team
   b. external management professionals
   c. financial sources
   d. no one

The correct response to this question, by an overwhelming margin, is external management professionals. In fact, of the successful companies involved in my research, every single one had used a consultant of one sort or another at one time or another. Not so for the unsuccessful companies. This in itself is a fascinating finding.

Entrepreneurs seldom rely on internal people for major policy decisions because they conclude early that employees have an ax to grind. They seldom offer serious conflicts on big decisions and, in the end, the entrepreneur is dominant in every decision.

Outside financial sources are even less common sounding boards for entrepreneurs. Not only do banks and accountants lack a feeling for the real stresses of managing an entrepreneurial venture, but they are simply too conservative. They say "no" most of the time. This goes against the optimistic nature of the entrepreneur. So, he prefers outside professionals, including other entrepreneurs, consultants, college professors, or other successful businessmen.

13) Entrepreneurs are best as:
   a. managers
   b. venture capitalists
   c. planners
   d. doers

While many entrepreneurs are not poor managers, in that they eventually succeed at accomplishing tasks through other people, all of them have difficulty delegating responsibility. The basic reason for this is their outstanding ability as doers. Because they believe strongly in their ability to perform almost any task better and faster than anyone else, they are reluctant to delegate responsibilities.

For this reason, they perform best as doers, not as planners or managers.

They are seldom effective as venture capitalists even after they accumulate wealth. They are more at home with products, markets, and technologies. The skills of a successful venture capitalist are at a much higher level of abstraction than those of the entrepreneur. The latter does best not by maximizing capital but by maximizing his own talent as a doer. Managing money and making financial bets are not as much to his liking as finding market niches or exploiting new technologies.

14) Entrepreneurs are:
   a. high risk takers (big gamblers)
   b. moderate risk takers (realistic gamblers)
c. small risk takers (take few chances)
d. doesn’t matter

Contrary to popular belief, entrepreneurs are not high risk takers. (I’ll bet most of you picked that answer.) The correct answer is moderate risk takers. Entrepreneurs tend to choose moderate but reasonable risks and to set goals that are realistic and achievable.

They do take risks, but these are usually calculated ones. They are extremely aware of the consequences of failure. In short, they are reluctant to bite off more than they can chew.

Most previous research into entrepreneurs, especially that by Dr. David McClelland of Harvard, agrees with this finding. It’s especially true for successful entrepreneurs, but is true of unsuccessful ones as well.

15) The first step in starting a business should be:

a. find a product
b. get some money
c. select a partner
d. consult a lawyer

While it may be nice to already have a product, or some money or a partner, the first step should be to see a lawyer. He’ll set the business in motion. Once he has decided upon the appropriate legal setup, you in fact have a business.

Neither a product, money or a partner alone is sufficient to classify as a business. Once the lawyer has completed his work—you are in business. So he should be the first to visit.

HOW DID YOU RATE?

How well did you do in answering this questionnaire, Mr. Reader? Just add up the number of questions you answered correctly and then consult the box below to discover your rating as a prospective entrepreneur.

<table>
<thead>
<tr>
<th>Number of Questions Answered Correctly</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 or more</td>
<td>successful entrepreneur</td>
</tr>
<tr>
<td>11-12</td>
<td>entrepreneur</td>
</tr>
<tr>
<td>9-10</td>
<td>latent entrepreneur</td>
</tr>
<tr>
<td>8-9</td>
<td>borderline entrepreneur</td>
</tr>
<tr>
<td>7 or less</td>
<td>hired hand</td>
</tr>
</tbody>
</table>