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Citation

Singapore Management University. The Future of International Trade: Sustainability is Key. (2013). Available at: <https://ink.library.smu.edu.sg/pers/9>

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The House that Jack Built: Tales of a Serial Entrepreneur

Published: 25 Mar 2013



Over the years Charles Goetz has built nine businesses and has experienced the ups and downs of entrepreneurial life. Even now, he tells Perspectives@SMU, there's still nothing like the thrill of a new business to get him going in the morning.

Entrepreneurship has long been considered a very sexy and exciting way of life, even for those who have failed but live to fight another corporate day. As Charles Goetz says, you learn more from failures than you do from successes and with each business venture you learn more. "Entrepreneurship is my life and I love it!"

The combination of challenges and success is an elusive one that can be improved by “careful playing of the odds”, says Goetz, who retired early to do this for fun. “Entrepreneurship is all about odds. If you minimise risk and stay focused you might reduce your risk 50 percent. That’s the game changer.”

He offers the following tips for punters.

You must talk to the customer. “The customer is where the information is. Too many entrepreneurs believe that they know better. Too many claim to understand what the market wants and believe the market will come to them. It doesn’t work. If you build the product that the market wants, then they will buy it. It’s that simple.”

Good entrepreneurs are passionate about their product. “People used to say this about me: ‘I don’t know what you are selling, Charlie. But I want some because you are so excited about it.’”

There’s no room for the ‘gentleman entrepreneur’. Goetz says successful entrepreneurs are fully involved; they have a vision and they know exactly where they are going. “They are focused, dot the i’s and cross the t’s, ensure things get done, and make sure everything stays on track with milestones.”

They are also focused beyond making money. People who go into business purely with the only goal of making money fail 3-1 over those who don’t, he says. Eventually all businesses experience a crisis and they need to ride it out.

There is such a thing as overfunding. Goetz has found that companies that get too much money in the beginning tend not to do all the things they should because they are spending money on things that they shouldn’t. Obvious examples include the private jet and the trophy furniture.

Entrepreneurs need to understand sales. “The number one reason that businesses fail is a lack of sales. It’s the hardest part of all in business,” says Goetz.

Select a growing market. Why try to build against a market that doesn’t want it? There’s an old saying that if the market is growing fast, even mediocre businesses do well.”

Creativity is critical. Yes, Charlie Goetz is full of crazy ideas. “If you’re doing something that your competitors are doing, the market doesn’t need you. You have to be something that the market wants.”

Entrepreneurship 2.0

Few people realise there is another side to the S&P 500 a stock market index based on the market capitalisations of 500 leading companies publicly-traded in the U.S. Of the S&P 500 companies listed over the last 50 years, 440 of them are gone, meaning that around 90 percent of yesterday’s behemoths have morphed into dinosaurs and replaced by entrepreneurial ventures.

Goetz observes that the companies “get too big and they can’t manage well, can’t come up with the creative ideas, take years to analyse and review data, whereas a small company can do it tomorrow.” Of all the jobs created in the U.S., 65 percent are in businesses that have less than five people, he points out. “Most large businesses give up people. Meanwhile when you add all businesses in the U.S. with under 100 employees, they represent 80 percent of all employees.”

Social entrepreneurship is another new breed. The younger generation is much more attuned to it than his generation, he says. When it comes to the current buzz word —*Non-profit* social

entrepreneurship—he warns that it still needs to be run like a business. “They make money, just not for investors. If you are not making money, you will go out of business. The Red Cross actually brings in more money than they spend in most years.”

Social entrepreneurship also allows people and investors to feel good about their company, he explains, referring to the experience of Tom Shoes in the U.S. “Tom built a website to sell shoes and for every pair of shoes sold, he gives one to a person in one of the countries that cannot afford shoes. So now, instead of buying shoes and being all about you, you feel like you are helping somebody.” It’s also an easier way to buy shoes, says Goetz.