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Acquiring an entrepreneurial mindset

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Acquiring an **Entrepreneurial Mindset**

Key ingredients to facilitate the acquisition.

by Foo Maw Der

Is entrepreneurship a mysterious gift, a burst of random inspiration, or just sheer individual genius at work? Is it a genetic trait that is replicable, that is passed down from one generation to another? Or is it something else altogether, like a skill that can be taught?

Such questions abound and have been subject to considerable debate. But what if we were to ask instead: can an entrepreneurship mindset be acquired? The answer would be a resounding yes. Rather than a personality feature, or a trait that you either have or do not have, the entrepreneurship mindset can be cultivated as a set of learnable skills. When it can be mastered and strengthened like a muscle, it is applicable to anyone who is intrinsically motivated to develop it.

Some entrepreneurial skills are represented in the BRiSK[3] Mind model (refer to Table 1). By no means is this framework a secret code to becoming a successful entrepreneur; rather, it maps out the key ingredients that can help people develop entrepreneurial skills and the necessary mindset, and highlights those that are unique to an entrepreneur.

BRiSK MIND

ELEMENT	B	R	i	S	K	Mind
	• Business Opportunity • Business Model • Business Plan	• Risk Mitigation • Relationship • Recruit	• Innovation • Investment • Intellectual Property	• Strategy and Culture • Scalability • Spirit	• Knowledge Capital • Kurtosis • *Kaizen*	• Effectual not Causal • Leader versus Manager • Traits and Drive

TABLE 1

Source: Author

THE BRiSK^3 MIND MODEL

This model builds on my experience of teaching students about entrepreneurship, coupled with many years of advising companies, and researching on start-up ecosystems and innovation-driven industries. My main objective of developing this model is to lay down the principles of entrepreneurship, and demonstrate how a well-defined process of decision-making and effective action can steer an entrepreneur to success.

The cube (^{3}) in the middle of "BRiSK^3 Mind" refers to the three Bs, three Rs, three Is, three Ss, and three Ks that illuminate the aspiring entrepreneur's path. Of these, 'B' and 'R' are the most important elements, as they differentiate an entrepreneur who builds a start-up from a professional manager who works for an established company, so I will be elaborating on them at length. While 'I', 'S', and 'K' are essential too, they are similar to the elements that an executive deals within an existing firm, and also what management students traditionally learn in business schools. Hence, I will only discuss these components briefly in this article.

A TOOLKIT FOR ASPIRING ENTREPRENEURS

The BRiSK^3 Mind model is not meant to be a step-by-step guide. Rather, it is best understood as a 'toolkit', a collection of concepts essential for developing an entrepreneurial mindset. Let us first focus on the unique components of the model–'B' and 'R'–to understand how they can help aspiring entrepreneurs hone their skills and improve their game.

Element 'B'

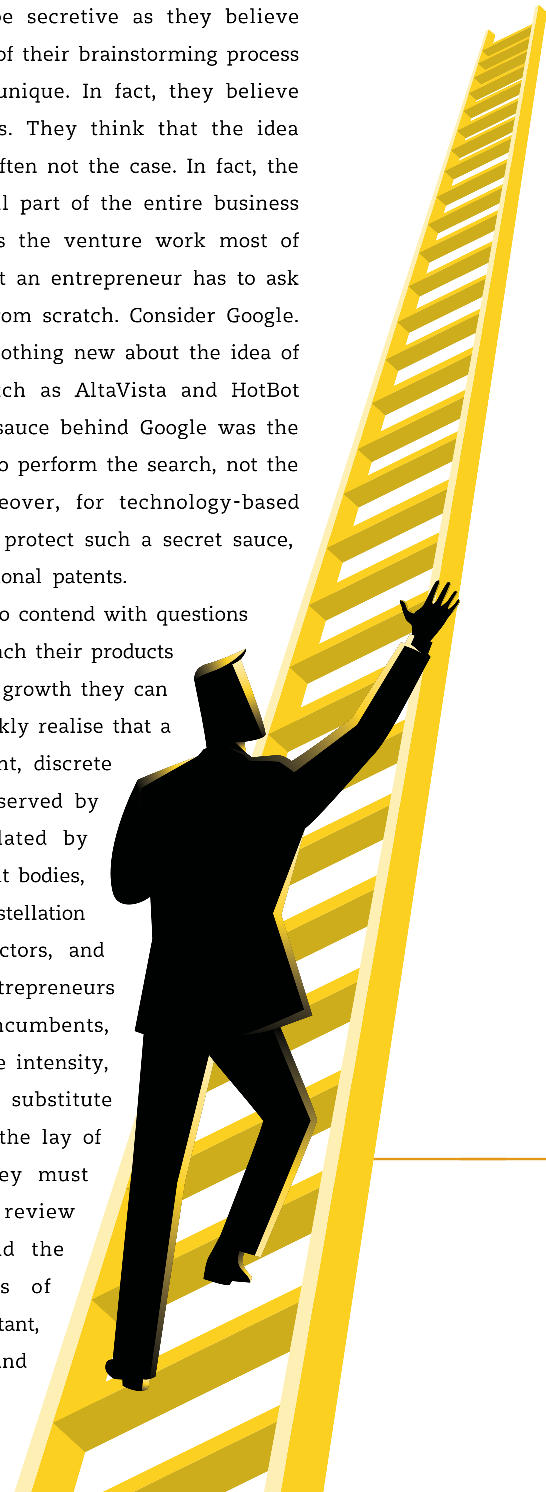
'B' is about the whole business model, rather than only the idea itself. It calls attention to the insight that entrepreneurship is an experimental process in which practices such as failing fast, learning from the failure, and improving upon the value proposition form the iterative core elements. It includes the three Bs of Business Opportunity, Business Model, and Business Plan, details of which are provided below.

Business opportunity

First of all, an entrepreneur needs to identify the problem that is calling out to be solved. All sorts of viable opportunities exist around us. We just have to stay curious and learn how to identify problems in society, as well as how to ideate and implement solutions to these problems that create tangible value. Ways through which the ideas may be revealed include keen observation of pain points, external learning, refinement of existing solutions, and novel inventions. For example, founder and CEO Ritesh Agarwal of OYO Rooms, one of the largest and fastest-growing hospitality chains in India, recognised an opportunity owing to his painful personal experiences. During his weekend travels, he had often looked desperately for clean and safe temporary accommodation in New Delhi while being on a student budget.[1]

Entrepreneurs tend to be secretive as they believe the ideas that are borne out of their brainstorming process are not only precious, but unique. In fact, they believe others will copy their ideas. They think that the idea is the secret sauce. This is often not the case. In fact, the idea itself forms just a small part of the entire business model, because what makes the venture work most of the time requires things that an entrepreneur has to ask from others or even build from scratch. Consider Google. When it started, there was nothing new about the idea of a search engine. Others such as AltaVista and HotBot already existed. The secret sauce behind Google was the algorithms that it had built to perform the search, not the business model itself. Moreover, for technology-based start-ups, there are ways to protect such a secret sauce, for example, by using provisional patents.

Entrepreneurs also have to contend with questions such as which market to launch their products and services, and how much growth they can reasonably expect. They quickly realise that a market is not an independent, discrete entity. It is often not only served by many industries and regulated by multiple civil and government bodies, but also brought to life by a constellation of perceived rivals, benefactors, and beneficiaries. Therefore, entrepreneurs should map out existing incumbents, barriers to entry, competitive intensity, as well as alternative and substitute solutions to get a sense of 'the lay of the land'. Furthermore, they must conduct a comprehensive review of the target segment, and the strengths and weaknesses of existing players. Just as important, entrepreneurs should try and gauge the competition's reaction to the new entrants–would they fight to have new entrants barred, wage a price war, improve on their offerings, or seek a truce? It is important to evaluate the capability of your key competitors in terms of not only the threat they may pose to the venture, but also the opportunity they may present.



Business model

Entrepreneurs should explore research-based business models of entrepreneurial ventures that are validated under real market conditions, which would boost their confidence that the models actually work. In The Lean Startup model by Eric Ries,[2] for example, there are three stages. In the first stage, a business model that comprises nine building blocks, namely, value proposition, customer segments, customer relationships, channels, revenue model, costs, resources, key activities, and partnerships, is sketched. This helps an entrepreneur gain a clearer picture of the proposed business model and how it maps out. The next two stages are rapid prototyping, and hypothesis through customer validation. Start-ups should create a minimum viable product and validate its utility by testing it on a sample group of target customers. Some methods to do this include focus group interviews, one-on-one interviews, and A/B testing. The evaluation may help the entrepreneur decide whether to continue improving a product, pivot on the approach, or in the most extreme case, shelve the prototype entirely. Start-ups that ultimately succeed are the ones that move quickly from failure to failure by adapting, iterating, and improving on their initial ideas as they continuously learn from customers.

For example, when Jorge Heraud and Lee Redden started Blue River Technology, they had a vision of building robotic lawn mowers for commercial spaces.[3] After talking to 100 customers in 10 weeks, they learned that their original target customers who like golf courses did not value their proposition. Instead, their conversations with farmers turned out to be fortuitously promising. It revealed a huge demand for an automated way to eliminate weeds without chemicals. This became their new product focus, and within 10 weeks, Blue River built and tested a new prototype. Nine months later, the start-up obtained more than US$3 million in venture funding.

Business plan

A business plan is often underestimated and is typically seen as an unnecessary and unexciting aspect of the entrepreneurial process. However, this cannot be further from the truth. A business plan serves as a checklist that helps an entrepreneur to thoroughly analyse an opportunity and undertake a rigorous contingency planning exercise.

Unlike a business model, which focuses on the desirability and assumed viability of a solution, a business plan helps to evaluate the viability of the envisioned solution and the likelihood of its success in the long term. An objective formulation of a business plan helps reveal issues that may have been undiscovered or ignored previously, and facilitates the examination of blind spots before the launch of the venture.

At times, investors' decisions are influenced by the passion of the founder(s) and the team during a pitch, whereas a detailed business plan sends a strong signal about the strengths and capabilities of the enterprise.

Element 'R'

'R' points out that entrepreneurship is about co-creating an idea and getting it to materialise with the help of partners and networks. This is because an entrepreneur, by definition, is someone who tends to have very limited resources. This element includes the three Rs of Risk Mitigation, Relationship, and Recruit.

Risk mitigation

The best entrepreneurs are not risk-seekers who take a gamble; they are risk-mitigators. A successful entrepreneur

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does not gamble; such individuals proactively map the associated risks of their venture and assess whether the endeavour is worth the time, effort, and cost. If the risk is too great, the entrepreneur must be able to let the opportunity go, reposition, and hunt for other viable ones. The approach needs to be objective and systematic, and is invariably a continuous process.

Besides business uncertainty, risk may also stem from the investment structure. For example, consider the investor in the venture: would it be the founder(s), their family, an angel investor, a venture capitalist, or a bank? Depending on where the capital comes from, expectations and investment obligations will shape an entrepreneur's strategy and the risk profile of the venture. Entrepreneurial success is more likely when expected returns are higher than the associated risks, and may be sustained as per the venture's core values and purpose.

Relationships

The spark to create a business venture almost always starts in an individual's mind. However, it seldom remains the sole property of the originator, and very quickly grows to become a shared inheritance. This is because people get involved in multiple ways and exit the venture at various stages. As a result, relationships should be carefully mapped while the people involved need to be managed well.

Recruit

Entrepreneurs generally have a narrow set of skills, no matter how experienced they are. Therefore, they need to recruit partners and employees to leverage on the latter's skills, knowledge, and experience. Good relationships and networks offer support and endorsement from the professional, business, social, and political communities. Successful entrepreneurs distinguish themselves as team-builders, value creators, and leaders of flourishing organisations. As such, having rapport with various stakeholders is crucial to success.

Elements 'I', 'S', and 'K'

The factors 'I', 'S', and 'K' cover well-established managerial concepts, such as investment, strategy, and knowledge capital. Here, I highlight one key concept from each element–specifically Innovation, Scalability, and *Kaizen*.

Innovation

Entrepreneurs often face this question: invent or innovate? Entrepreneurial success is about new value creation, and this can be done by solving an existing problem through old, new, or improved solutions. An innovative solution does not have to be an invention. It may be a technologically advanced version, or it could be as simple as the repurposing of an existing product. For instance, Apple's iPhone was not inventive. The first smartphone was created 15 years before it, but the iPhone was better than existing ones.

Scale

Scale can be built across different dimensions, such as new market segments, derivative or related products, and geographical expansion. How this is done depends on the context. For example, start-ups in Singapore tend to grow by going beyond the city-state. If you look in its neighbourhood, Indonesia has a market size of about 270 million people, while Vietnam and the Philippines are closer to 100 million each in size. Thailand has about 70 million and is richer than many Southeast Asian economies, while Malaysia has a population of slightly over 30 million. Clearly, the adjacent markets around Singapore offer significant opportunities to grow. On the other hand, start-ups in a large country like the US typically think of building scale domestically, either by entering new market segments or developing related products or improved versions of the same.

To build scale, entrepreneurs need to bring in more efficiencies by improving their processes and systems and introducing compliance structures. However, as they put in place standard operating procedures (SOPs), there is the danger of becoming too rigid and sacrificing flexibility, agility, and market responsiveness in the process. Thus, ventures require a fine balancing act; the higher the efficiency, the greater the risk of becoming too rigid.

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Kaizen

We use the Japanese term *kaizen* to refer to continuous business evolution and sustainability. Entrepreneurship is an endless journey filled with well-trodden paths, uncharted territory, shared pathways, roundabouts, and dead ends. Entrepreneurs need to be prompt and decisive to ensure a continued forward march towards the venture's desired destination. Each venture is treated as an experiment which results ultimately in either a successful outcome or a failure to learn from. When all possibilities of foreseeable growth are exhausted or a more promising opportunity arises, entrepreneurs often cash out and move on. As American author John C. Maxwell writes, "Fail early, fail often, but always fail forward."[4] Such learning allows entrepreneurs to pivot and conduct more experiments, and thus continue the process of *kaizen* to achieve success and beyond. This *kaizen* cycle repeats itself until the dissolution of the entrepreneurial spark.

DEVELOPING AN ENTREPRENEURIAL MINDSET

The entrepreneur needs to grasp the ins and outs of the business world through adaptability and curiosity. Passion is a must-have. While passion may dilute the objectivity of entrepreneurs, it enables them to endure and push through when the going gets tough. Nevertheless, passion alone is not enough; passion without preparation will fizzle out sooner or later.

Thinking out of the box is an ability that every aspiring entrepreneur must develop. This refers to the effectual process of problem-solving in which the entrepreneur starts with observing what resources are available, what demands exist, and then generating possible solutions with the resources available. This includes networking and embracing experimentation for the envisioned solution to find its feet in the market.

Those who have been trained as professionals tend to develop a causal mindset–more of a managerial style of analysis in which they define a measurable goal and take action to achieve that goal in ways that are explicitly sanctioned by the rules and driven by the key performance indicators (KPIs) laid out. However, with deliberate practice and an open mind, this may be supplemented with an entrepreneurial mindset.

The BRiSK[3] Mind model can be a handy conceptual toolkit for entrepreneurs to work through to strengthen their entrepreneurial skills and mindset. However, entrepreneurs are unique in terms of their ideas and thoughts, as well as their levels of passion and resourcefulness, and there is no standard cast from which one could be fashioned. What the model can offer is the knowledge that may guide thinking and action. At the end of the day, it is the user who must be willing to explore, experiment, and practise to get a shot at success.

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