

5 Success Factors for Entrepreneurs

Note: this article is a summary of the 5 Success Factors for Entrepreneurs, a book-in-progress describing intangible principles that can help entrepreneurs succeed. This summary was published in Communication Tips and Tools e-newsletter, July 2010.

It takes more than knowledge of a product or service and accounting help to be a successful entrepreneur. That's in good or "normal" economic times. In our current economic doldrums, it's doubly important to call on all the resources available.

Here are 5 success factors to help you prosper in good times . . . *and* survive the tough times. I wrote about each of these factors individually last year. This is a summary of all 5.

Success is more than just numbers!

Business owners or aspiring entrepreneurs must have a solid understanding of "the numbers". . . sales projections, capital requirements, expenses, and profit goals. There are 5 factors having little to do with the numbers, but have just as great an impact on the SUCCESS (or failure) of a business. Entrepreneurs tend to pay little attention to these crucial factors, simply because they're intangible and often misunderstood. I'm talking about:

1. Know your entrepreneurial personality;
2. Fully understand the level of responsibility involved;
3. Understand and set goals;
4. Establish steadfast values inside your business;
5. Get and keep the right attitude.

Success Factor #1 - Know your entrepreneurial personality

Entrepreneurial personalities should be compatible with ownership structure: sole proprietor, family or non-family partnerships. I affectionately refer to a sole proprietor as "*The Lone Stranger*". Someone who needs and wants family involvement is "*The Family Gatherer*". An entrepreneur who wants non-family partners to share both the financial and functional burdens is "*The Painless Partner*". [NOTE: *Partner and partnership are used in a generic, co-owner sense, not as a legal structure term.*]

Each of these structures requires personality types with specific strengths and weaknesses. The aim is to deploy the strengths in the right scenario, while incorporating other measures to overcome any shortcomings.

"*The Lone Stranger*" needs more natural skills than the other two types, who will have co-owners (family or others) to complement their abilities. More importantly, "*The Lone Stranger*" must be able to cope with higher levels of responsibility, be a better manager of time and a whiz at multi-tasking.

"*The Painless Partner*" or "*Family Gatherer*" has others to share the load, but having multiple owners means additional interaction challenges. Any partnership, family or otherwise, requires individuals capable of putting egos aside in crucial decision making situations. Those with "overactive" egos will **not** make good partners.

The family partnership has more implications because of the personal relationships. Business issues can easily spill over into personal disputes. Non-family partnerships get in trouble because partners fail to establish hard and fast rules about decision making.

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Making sure disagreements can be resolved swiftly and amicably, while keeping egos in check, is the biggest challenge for all partnerships.

The bottom line is you'll function better in certain structures. You must assess your strengths and weaknesses, not just as relates to aptitudes and education, but more importantly, those pertaining to attitudes and relationships.

Success Factor #2 - Fully understand the level of responsibility involved

Although responsibility doesn't seem to be a core value readily embraced these days, entrepreneurs have no choice. You not only have *all* the responsibility, but you had better embrace it with eyes wide open. You must learn how to handle the heightened commitment, stress and time challenges.

Let's compare job positions to the medical profession. As an employee, you're (like) the undergraduate still learning names of bones, organs and anatomy. Your responsibility is limited to showing up, participating and learning. As a department manager, you're in "medical school", facing a few real-life challenges. An officer of a corporation might parallel an intern, being directly responsible for some actual "cases".

As an entrepreneur, you face "brain surgery" every day. If something goes wrong, it's yours to fix. You get to make the hardest decisions and solve the toughest problems. When the business changes because of the economy, competition or technology, you have to figure out how to change too.

I can hear you say, *"Hey, I want to be my own boss, so sure, I know all that."* You may know it, but you also know when you're sick and when to take some medicine. That doesn't make you a doctor. Nor does *"wanting to be the boss"* make you a successful entrepreneur, capable of handling the added pressure. Here are some ways to prepare and go on the offensive:

- Prioritize and rank problems/decisions - handle the most important things first.
- Delegate decisions and authority - don't second-guess; support and move on.
- Engage outside experts - don't try to do it *all* yourself.
- Create diversions and outlets - have some play time, but don't be fooled into thinking you can create *total* balance.

Success Factor #3 - Understand and set goals

Individuals considered successful, when asked why they believe they're successful, may talk about perseverance, hard work, even luck. Almost all have specific, measurable goals. They may not go through a formal goal-setting process, but most can articulate clearly defined objectives. Goal setting processes almost always include five characteristics: goals need to be written, have specific outcomes, be realistic, have time parameters, and be stated in positive terms.

I've heard people say *"I don't set goals - I can't stay on a specific schedule"* or, *"it just sets you up for disappointment if you don't reach the goal"*, or some other *"reason"* for skipping this important process. Consider this: goals are meant to *guide* you and create a powerful subconscious intention; they're *not* meant to create an absolute success or failure mindset. There are some simple ways to handle goal setting. It doesn't have to be the daunting task you may have envisioned.

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Success Factor #4 - Establish steadfast values inside your business

Compromises are necessary in business negotiations. We often bend a rule to accommodate a special order or our favorite (and most profitable) customer. There can be, however, no compromise regarding the values and principles upon which you've established your business.

What are your values and principles, as they apply to your business? Here are some core values you can turn into business principles. Once you define your core value(s), develop policies to carry out those principles.

Honesty: is your value about fairness, integrity or openness? A business principle might be *"All dealings with prospects, customers and employees will be direct, honest and fair"*.

Respect for others: perhaps the golden rule is the key principle here.

Work ethic: a good principle I've seen involving work ethic is *"we work hard and we play hard"*. Policies around effort and dedication to customer support may be germane.

Other core values may involve economics, spiritual, religious or social beliefs. Although sound financial practices are needed in any business, instilling a core value around money can be counter-productive. Past economic adversity can lead to "penny-wise and dollar-foolish" decisions. Affluent backgrounds may produce overly cautious or frivolous financial outcomes, depending on how the affluence was created.

Likewise, spiritual or religious values are generally only appropriate as core principles for a business whose product or service is related to those values - selling religious articles or publishing spiritual books, e.g.

Once you've defined your core values and developed some policies around those values, you must do two things.

1. Make the message part of everything you do and say - advertising, employee handbook, training materials, support and service procedures, etc.
2. Empower employees - with the authority to act, and unquestioned support.

Instill your values in your business and employees. Make sure they never get misplaced or compromised.

Success Factor #5 - Get and keep the right attitude

If you think you can or can't, you're right! Henry Ford is credited with that statement. You've probably, at one time or another, uttered the phrase, *"he/she has a bad attitude"* referring to someone who is complaining or exhibiting other negative characteristics. Hopefully, you've often thought or said, *"I like his/her attitude,"* a complimentary phrase attached to positive actions.

Attitude, positive or negative, has a *huge* impact on the success of a business. It's contagious and affects people you encounter, as well as your own ability to function.

A business owner must be the leader and set the stage for a positive environment. It's much easier to create and sustain an upbeat setting than it is to continually neutralize negative actions. A second challenge is, how to deal swiftly and positively with inevitable problems.

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You can meet both challenges by:

- Posting positive reinforcement messages
- Exhibiting the kind of actions you want from others.
- Rewarding positive outcomes. No, it doesn't always need to be monetary.
- Complimenting every positive action openly and enthusiastically.

Summary

That's a really quick look and general overview of 5 factors which, in this author's opinion, have a greater influence on a business owner's success than any financing, sales plan or advertising copy.

Ask other business owners why they are, or are not, successful. Those feeling good may attribute their success to marketing, location or product superiority. But when you find out how they run their business, you'll see a connection to at least three of these factors.

On the other hand, those citing bad luck or describing how they "ran out of money," or the "timing was bad," will have little, if any, link to the factors described above. No written goals, difficulty in describing what they stand for, a poor outlook (attitude), and likely in the wrong structure for their personality.

I'm working on a book that will go into much greater depth on all these factors. I'll relate personal stories and more examples. There will be more actionable tools to help you digest and integrate the factors in your business. If you have business experiences you'd like to share (and possibly be included in the book), let me know.

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