The Most Dangerous Trends Facing Entrepreneurs Today: And What To Do About It!

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Who is Growthink?

• Founded in 1999, more than 2,000 client engagements to date
  – Business Plans
  – Market Research & Feasibility Studies
  – Investment Banking
    – Raise capital
    – Advise on business sales and acquisitions
  – Web Strategy, Development & Marketing
• Client focus is startups and emerging growth companies
• Team of 40 advisory professionals
• Offices in Los Angeles, New York, and San Francisco
Credentials

• FINRA/SIPC Broker – Dealer (registered in all 50 states)
• Inc. 1000 Listed Company (Top 100 Business Services Company)
• Better Business Bureau “A” Rating
• More than 250 press mentions
What Is a 21st Century Entrepreneur?

• Whether you work for a company or are starting your own company, if you’re successful in business in the 21st century, you ARE an entrepreneur.
  – All business models, and thus job descriptions, are morphing at an increasingly rapid rate
  – The business that you’re in today in the NEAR future will be fundamentally different and thus your role in it will and must evolve
Being an entrepreneur is the ONLY option

- The global economy is realizing its most dramatic changes in 60 years
- Your career, income and retirement are under threat
  - **Short Term.** Unemployment rose from 4.5% to 6.5% from April 2007 to December 2008
  - **Long Term.** Technology and globalization driving the speed of business
- These threats can ONLY be responded to with an entrepreneurial mindset
Entrepreneurship is about much more than $$

- It is about those qualities that make us most deeply human:
  - Empowerment
  - Expression
  - Legacy

- And most appeal to the “animals” within all of us:
  - Power
  - Conquest

- An ubiquitous human desire
  - 6 million new startups every year in America
  - To say nothing of the countless millions of aspiring entrepreneurs here and overseas
Quite simply, the rules have changed

1. The boy who looked for coins
   - Found 387 pennies, 62 nickels, 49 dimes, 16 quarters, 2 half-dollars, and 6 one-dollar bills – a total of $22.87

2. Succeeded in the old economy
   - Head down, blocking and tackling every day

3. But ultimately missed out
   - Missed 28,742 beautiful sunsets, rainbows, babies growing, birds flying, sun shining, and the smiles of people around him
   - Missed out on the entrepreneurial age
Succeeding as an entrepreneur is HARD – Why?

1. **Ideas.** Developing fundable (by both investors and customers) ideas

2. **Capital.** Securing money (the fuel of entrepreneurship)

3. **Action.** Transforming the ideas and $$ into sustainable, successful enterprises
Good ideas are hard to find

1. Ideas that address unmet needs in large marketplaces

2. Ideas that are conceived by people/companies that can establish a sustainable competitive advantage in fulfilling these needs

3. Ideas that are the seeds of a profitable business model
Capital for these ideas is hard to get

- Institutional (Venture capital and private equity) capital has almost completely dried up for startups and small businesses
- Individual investors (angels) sitting on sidelines
- Bank loan standards extremely tight
- Poor business sentiment & optimism
Even with ideas and $$, success is elusive

- 71% of businesses fail within 10 years (Small Business Administration)
- 88.3% of venture backed companies fail to reach IPO or M&A events (National Venture Capital Association)
In today’s market, not even the “gilt edge” businesses are safe

- AIG, Bear Stearns, Citigroup, Countrywide, Chrysler, Fannie Mae, Freddie Mac, Lehman, General Motors, Merrill Lynch, Wachovia, Washington Mutual, and the list goes on

- Your business is under constant threat and must constantly improve
  - New ideas
  - New strategies
  - New partnerships
To succeed, we need to look at things a little differently...
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<th>Think You Want</th>
<th>Really Want</th>
<th>Really Need/Goal</th>
<th>Really Need / Action Plan</th>
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<td>Power Drill</td>
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What Entrepreneurs Really Need

Think Want
- Business Plan
- Capital
Failure Rate = 81.3%

Really Want
- Business Success / Exit
Failure Rate = 88.7%

Really Need
Personal Satisfaction
- Wealth and financial freedom
- Control of destiny/Being own boss
- Follow passion/Change the world

Really Need
- Knowledge!!

Success / Exit
Knowledge

"A little learning is a dangerous thing; Drink deep, or taste not the Pierian spring: There shallow draughts intoxicate the brain, And drinking largely sobers us again."

» Alexander Pope
Knowledge – The Many Aspects of Business Intelligence

1. Creativity
   - The wellspring of strategy

2. The “MBA” skill sets
   - Marketing, operations, finance & accounting

3. The Managerial Arts
   - Achieving your dreams via leading others to achieve theirs

4. Salesmanship
   - Getting to yes

5. Goal setting
   - Putting deadlines on your dreams
Creativity

- Necessary, but by no means sufficient condition
- Entrepreneurship is often confused with creativity
  - Coming up with a great idea is only the beginning
- How to get creative:
  - Thinkertoys: A Handbook of Creative Thinking Techniques
The “MBA” Skill Sets

1. Marketing
   • Offline & Online
   • Brand Positioning
   • Marketplace awareness
   • Connecting with your customer

2. Operations
   • Efficient and consistent business processes
   • Dell, Wal-Mart, General Electric

3. Finance & accounting
   • Profit and Loss, Balance Sheet, & Cash Flow
   • Entrepreneur Magazine, Inc. Magazine, Red Herring, and Fortune
The Managerial Arts

- Of customers, of employees, of partners, of shareholders, of vendors and suppliers
- Success through modeling
  - Richard Branson, Jack Welch, John Chambers, Steve Jobs
  - Peter Drucker, Edward Deming
  - Harvard Business Review
Salesmanship

- The art and science of getting to yes
- Attitude management
- Area where improvement in skill sets can make the biggest short term difference
  - In securing customers, in raising capital, in motivating employees
- Our recommendations
  - Chet Holmes: The Ultimate Sales Machine
  - Zig Ziglar: Secrets of Closing the Sale
  - Tom Hopkins: How to Master the Art of Selling
Goal-Setting

- Pig-headed discipline and determination
- Focus
- Beware the easy seduction of re-strategizing
- Even the best ideas require long and intense effort to make real
- Our recommendations:
  - Napoleon Hill: Think and Grow Rich
  - Steven Covey: The Seven Habits of Highly Successful People
What have we learned and where does it lead?

• The world is changing – only the agile entrepreneur will thrive
• Many levels and many aspects of mastery
  – Creativity, The “MBA” skills, managerial arts, salesmanship, goal setting
• Lifelong undertaking and challenge
• Find guides that can help you
How Growthink Can Help

• Free Content on Growthink Website
• Growthink University
  – Memberships start at $39.95/month
  – [http://www.growthinkuniversity.com](http://www.growthinkuniversity.com)
• Growthink Direct
  – Business plan development for startups and small businesses
• Growthink Consulting
  – Strategy consulting and investment banking for emerging and middle market companies
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