



Why Global Business Needs Kinder, Gentler Entrepreneurs and Leaders

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Most images of entrepreneurship tend to focus on the vision and guts involved in getting ventures off the ground. Like the test pilots in Tom Wolfe's book *The Right Stuff*, the entrepreneur is often portrayed as someone resembling Chuck Yeager, the first pilot to shatter the sound barrier, with a spreadsheet. But at a recent panel discussion at the [Lauder Institute Alumni Association Global Business Forum](#) in New York, a group of entrepreneurs – some just a few years into their venture, and at least one with decades of experience – offered a portrait of the entrepreneur that seldom makes it onto the cover of *Business Week*: The entrepreneur as mensch.



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Panelists emphasized less the solitary aspects of the entrepreneurial life than the social ones. Forget genius, they said; what really counts most is building a strong network to turn to for help and advice, treating people with dignity, and serving your customers well.

Chaired by Lauder Institute governor Edgar Bronfman Jr., the chairman and CEO of Warner Music Group, the panel featured Tom Bendheim, the CEO of Rheingold Brewing Co.; George Bennett, the chairman and CEO of Health Dialog; Luis Gonzales, COO and founder of Vidalink, a Brazilian pharmaceutical supply company; Charles Rashall, president and founder of brandadvisors; and Diane Ty, chairman and co-founder of YouthNOISE.

Although evidently proud of their accomplishments, the panelists on the whole were quite down to earth about what it takes to succeed as an entrepreneur and what you don't need. One element that seems to be overrated is the so-called big idea. "In most settings, there is either someone who will pay to get it faster, or someone who will pay to get it cheaper. You don't have to invent Xerox or the PC in order to be an entrepreneur," said one panelist, "if in fact you can identify areas where there's a way to feed yourself and maintain a competitive lead." (To promote frank discussion, Knowledge@Wharton covered the event, but agreed to not quote participants by name.)

And don't bother about the stationery. "The first thing is not to print the business cards and the letterhead," advised the panelist. "The first thing to do is to find a human being or a customer who might actually buy something from you, and to make sure that you understand what they will pay for and what you can build." But where should you look for that customer? "I like to get near a big frothy pot," he said. "What I mean by that is, if you're going to do a bootstrap business, which is the kind I have done - if you have lots of capital, you have other options - but if you're bootstrap, if you have limited capital, you get near a pot where what slops over the edges is big to you but it's small to them."

Sectors that are in flux are often particularly rich in opportunities, he advised. "When there's chaos, the

existing relationships are in turmoil. In a slow-growth setting that's been stable for five years, it's hard to get a fresh idea to penetrate the existing structure."

Caution Counts

A gambler's daring is also not required. Although entrepreneurs are generally perceived as risk-takers, at least one panelist seems to have learned the value of caution in the course of his experience. As the leader of a dot-com that had to shut down several years ago, he said he'd had to fire many people he and his partner had hired. "The first time we had to lay people off, it really hurt. The lesson was, I don't ever want to do that again," he said. Today, he says, he hires much more slowly.

Manners, however, may be an underrated asset. "Friends come and go," said one panelist. "Enemies accumulate. My ability to recruit in 2004 has everything to do with how I treated my partners in 2003, in 2002 - and in 1976," he explained. In his experience, every action with every human - how you fire them, how fair you were, how much dignity you gave them, circulates. Those people "talk and talk and talk, and they'll bring traffic in," he said.

One myth that does seem to be true: The picture of the tireless entrepreneur burning the midnight oil. Entrepreneurs on the panel warned that although they found it rewarding, the life of an entrepreneur is also all-consuming. All the panelists said that however hard they worked for someone else, they found working on their own venture much more demanding. "I think one of the biggest differences was I was always passionate about my job, but I was able to leave it behind. But I found that as an entrepreneur, during the evenings, during the weekends, when I was sleeping, when I was in the shower, even in some cases when I was with my family, I was always thinking about the business," said one. "That was a big change."

Another entrepreneur enjoyed having a more flexible schedule and working at home on occasion to spend time with the family. However, that flexibility sounds as if it's more on the order of choosing which 12 hours to work: Often, this panelist works until 1 or 2 in the morning, "whatever it takes to get it done." "Now that may sound like an imbalance, but to me it works because I've got the motivation to do both."

Some said they enjoyed the sense of control that they gained by working on their own venture. As one entrepreneur said, he liked to control "what I do, where I do it, when I do it and who I do it for." But other panelists weren't sure whether that sense of control held true for all kinds or sizes of organizations. One said he often felt he actually had very few choices in a given day as he responded to events around him. Another panelist said he thought that as a business grows, it's easy to get pulled in various directions and lose day-to-day control, but when it comes to life-changing decisions about the firm's future, the entrepreneur does maintain more control than an employee might.

And what happens if the venture doesn't work out? Is it possible to go back to corporate life? Yes and no, the panelists said. One advised that while some businesses such as utility companies might not value entrepreneurial experience, such a background may be just what's needed for a business that must reinvent itself. "It's only after pursuing 16 initiatives that were wrong will you find the 17th that was right, and that's very hard to create in a corporate culture," he said.

Panel Two: Leadership in a Global Organization

In the spring of 1915, explorer Ernest Shackleton was trapped when his ship, *Endurance*, was frozen in ice during an expedition to the Antarctic. In sub-zero weather, and with only a few instruments for navigation, he successfully led a small party 800 miles to summon help for the rest of his crew, which had been stranded on a remote island.

Over the course of his long expedition, Shackleton formulated a few simple but enduring principles of leadership. These include listening carefully to the concerns of his crew, flexibility (the willingness to abandon a plan that isn't working), and the power of example — Shackleton would often help out with tasks such as scrubbing the decks or making repairs.

Judging from a panel discussion on “Leadership in a Global Organization” at the Global Forum, Shackleton’s vision of the humble leader is making a comeback. “It’s not a new idea,” said one panelist, “but in the late 1990s there was so much focus on the star power of executives that many CEOs forgot the power of benevolent leadership.” The panelists included Paul J. Fribourg, Chairman and CEO, ContiGroup; Leonard Lauder, chairman, The Estee Lauder Companies; Bruce Simpson, Managing Partner, McKinsey & Co.; and Rick Smith, Author and CEO, World Executive Group.

Through his research, one panelist reported, he has found that the most successful leaders are those who have actively worked for the success of those around them. “Is there an environment you can set yourself in to achieve something great?” he asked. “There is, but you create it yourself. If you foster an environment that allows the best people around you to develop, you produce people fiercely loyal to you, which in turn creates new opportunities for you in later years.”

This changed attitude needs to extend to company operations abroad, said the other panelists. “As businesses, and as a country, arrogance is the challenge we have to deal with,” said one. “The U.S. is at the top in many respects. But we’re seeing that we’ll fail on our own if we can’t put ourselves in the shoes of other people.” For companies operating abroad, he said, this means taking the time to understand the unique conditions of each market, and the desires of its consumers.

And for a leader of a global company, this means there’s a premium on international experience. “When you’re managing in another country, you need to speak the local language and be culturally sensitive,” said another speaker. “If you are, they’ll embrace you. If not, you’ll have a very difficult time.”

A particular challenge for global leaders is to create a culture that permeates an organization’s operations, including those overseas. One executive commented he runs a leadership course annually for his company’s managers. “Whether your managers are in Taipei or Johannesburg, you need to have everyone on the same page ethically and strategically,” he said. “The one thing that keeps me up at night is the thought that there’s some maverick out there who doesn’t share our leadership principles. Such a person can destroy in 48 hours what it took 48 years to build.”

The panelists also explored a question from the audience: where should young managers look for “high leverage” opportunities? “There are a lot of small ideas that don’t have a voice,” responded one speaker. By seeking out those ideas, and finding innovative ways of applying your resources to them, you may be surprised at the effect you can have.

Another panelist agreed. “The best opportunities usually aren’t on the traditional career path. Take the jobs no one wants.” He recalled accepting an assignment to run a joint venture for his company in the Middle East. It was an unpopular assignment, but one that — when it succeeded — put him in a strong position to gain other opportunities.

Be careful how you measure success, said a third panelist. When you attend retirement parties, you’ll find that the most meaningful aren’t for those who made the most money or rose to the highest rank. Instead, they are for those who had the most positive effect on the people around them, through mentorship or by example. In other words, it’s better to be a Shackleton than a Skilling.

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