

**INTRODUCTION
TO
ENTREPRENEURIAL EXPERTS**

By

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No matter how many books a person may have read, or how beautiful a business plan he produces, it's absolutely useless unless he has made mistakes and learned how to recalibrate in order to avoid future mistakes.

**Gordon Redding
Interview with Rick Goossen**

You want to pursue entrepreneurial excellence. You may be asking yourself, “How do I start?” In order to begin you need to define entrepreneurship. A related issue is to determine how a person learns about entrepreneurship.

One seasoned entrepreneur, one who has tasted both disappointment and triumph, boldly stated: “I don’t think you can teach entrepreneurship. I don’t think it’s possible. You either have it in you or you don’t. There are managers and there are leaders. Entrepreneurship is something I don’t personally think you can teach.”¹

If anyone is qualified to say such a statement, this particular man is. He was born in 1928, in Saskatoon, SK, Canada, but he started working as an entrepreneur in

Vancouver, BC. He recounted to me that one of the most exhilarating times in his life was in 1961, when he started his first business: a two-car showroom with a gas station.²

Building that business, and the others he has since accumulated, has been a challenge-laden task. He told me, “I’ve had the bank call my loans a couple times. Those weren’t good times. ...I’ve had a terrific amount of disappointments.”³ But his zest, determination, and undeniable entrepreneurial skills have taken him from the flatlands of Saskatchewan to the peaks of the business world.

He is now in his late 70s, and is a billionaire entrepreneur. He is the sole owner of the third-largest privately held company in Canada. He is also involved in a wide range of businesses: automotive, entertainment, export & financial, food, illuminated signs, media, packages, and periodical distribution. One of his best-known global brands is *Ripley’s Believe It or Not*. Today, his company has \$6.3 billion in sales, 29,000 employees, and 400 locations.⁴

How does Jim Pattison keep the entrepreneurial spirit alive in his organization? Does he truly believe you can’t teach entrepreneurship?

Not really. His comment, however, focuses on some of the determinants of entrepreneurship that *are* unteachable—childhood experiences, drive, determination, the chip on one’s shoulder, the need to prove one’s own worth through accomplishment, and an obsession with money-making opportunities. So, to some degree, people either have it or they don’t, and that is proven out in the marketplace. Many entrepreneurs simply appear to be hardwired for the passionate pursuit of opportunity.

On the other hand, there are other aspects of entrepreneurship, such as understanding and pursuing innovation, that can be taught and improved upon. Jim

Pattison understands this. To teach his core team of 70 or so executives about entrepreneurship, he has hired one of the experts featured in this book—Larry C. Farrell (Chapter 3)—to address key issues and teach practical tips. Farrell goes over the entrepreneurial basics as summarized in Chapter 3.

Jim Pattison’s comments, then, are not contradictory—though they may seem so at first. Rather, they reveal the nuanced approach that is required to understand entrepreneurship more fully. In fact, his perspective reflects one of the key challenges of discussing entrepreneurship: finding its definition. Until we know what it is, how can we determine how to pursue it?

Many of the entrepreneurial experts have wrestled with different definitions of entrepreneurship. Howard H. Stevenson, a professor at Harvard Business School, recalls that the field of entrepreneurship in the early 1980s could be compared to an intellectual onion: people peeled it back layer by layer, and when they finally got to the center, they found nothing there—but they were crying.⁵ Since that time, our understanding of the complexity of entrepreneurship has increased, but a consensus definition has remained elusive.

A brief overview of some of the entrepreneurial experts’ perspectives on the definition of entrepreneurship is a fitting introduction to the complicated field. Indeed, this teaser of differing viewpoints affirms the value of this book’s approach. Like diverging paths on a mountain hike, the varying insights of these entrepreneurial experts will appeal differently to each explorer.

Stevenson notes that there have been two traditional ways of defining entrepreneurship: either as an economic function, or as a set of individual traits.⁶ The functional approach, on one hand, focuses on the role of entrepreneurship within an economy. For example, the invisible hand of the economy may result in problems that need solutions, and an assortment of innovative responses arise to address the need. (Peter F. Drucker's approach to entrepreneurship, discussed later in the chapter, aligns with this idea.) The other approach, focused on the personal characteristics of entrepreneurs, seeks to compile commonalities in the psychological and sociological aspects of entrepreneurship.

Stevenson finds both approaches unsatisfactory. In his opinion, the functional approach correctly highlights innovation, but leaves out the process of subsequent exploitation. Conversely, the psychological model is interesting, but inconclusive and inconsistent.

From Stevenson's perspective, entrepreneurship should be taught—and is indeed taught at Harvard Business School—as a process, not as a personality.⁷ Stevenson defines entrepreneurship as an approach to management, the “pursuit of opportunity without regard to resources currently controlled.”⁸ His definition is broader than that of other thinkers: it includes the concept of innovation, but also transcends it. The psychological model, by comparison, may provide some backward-looking insights, but only when the individual has already pursued an opportunity.

Stevenson argues that Harvard has led the way in defining the study of entrepreneurship. He explains, “The definition of entrepreneurship we created back in the 1980s, with the focus on opportunity, was different from what others were talking

about, and it formed part of the intellectual underpinnings of subsequent academic research.”⁹ Academics who write textbooks for business schools throughout the United States often adopt his definition of entrepreneurship.¹⁰ Unlike common parlance, where entrepreneurship is sometimes equated with being small, and the terms “entrepreneur” and “small business operator” are used interchangeably, Stevenson’s definition is a large canvas that includes most businesses.

Stevenson’s definition has attracted some followers, but is not adopted by all entrepreneurship experts. Drucker, the father of modern management (who passed away in 2005), held a very specific view of entrepreneurship. In the Preface to *Innovation and Entrepreneurship*, his magnum opus on the topic, Drucker talks about what entrepreneurship is—and what it is not. At the time his book was written (1985), there was still some talk about entrepreneurship being a function of a certain personality type: either you had it, or you didn’t. Drucker disagreed. The notion of an “entrepreneurial personality type” has been increasingly discounted right through to the present day.

Drucker believed that an entrepreneur can benefit from having certain traits, most of which can be acquired or developed, but that there is no such thing as an entrepreneurial personality. He talked about entrepreneurs in terms of their actions rather than their psychological make-up. Moreover, he explained that his book “presents innovation and entrepreneurship as a practice and a discipline. It does not talk of the psychology and the character traits of entrepreneurs; it talks of their actions and behavior.”¹¹ Of course, if entrepreneurship were the outgrowth of a particular

personality, then rather than studying the field in terms of practices and principles, the focus would be on psychological predispositions.

Furthermore, Drucker viewed entrepreneurship as a field that can be approached systematically—and, in this way, he saw it as similar to management. His book defines entrepreneurship as “purposeful tasks that can be organized—and are in need of being organized—as systematic work.” As well, his writing “treats innovation and entrepreneurship, in fact, as part of the executive’s job.”¹² In view of Drucker’s pre-eminence as a management guru, he had the ideal foundation from which to compare and contrast the roles of the entrepreneur and the manager.

Drucker’s systematic approach clashed with much conventional thought and practical experience. Entrepreneurs often relish the perverse virtue in ‘flying by the seat of one’s pants,’ scurrying from one meeting to another, and emerging from chaos as an entrepreneurial triumph. Drucker asserted that success may emerge from chaos, but will more likely emerge in spite of it. He posited that innovation and entrepreneurship can—and indeed must—be pursued in a deliberate, thoughtful manner. Furthermore, successful entrepreneurs need to understand, organize, and prioritize their tasks. In this sense, tasks are better spread to executives throughout an organization, and should become part of each manager’s job.

But what constitutes the core of entrepreneurship that can then be disseminated throughout an organization? Drucker opined, “Entrepreneurship is neither a science nor an art. It is a practice.”¹³ At one end of the spectrum, science involves experimentation—testing hypotheses to prove theories that produce predictable results—and this is not entrepreneurship. At the other end, art is an individualistic, subjective

process that is impossible to quantify and replicate. Practice, however, is situated between science and art, and focuses on the realities of the marketplace. Indeed, since the knowledge of entrepreneurship is defined by what works and what does not, any discussion of entrepreneurship needs to be backed up by practical experience in the field.

A third perspective is that of Kenneth P. Morse, Managing Director at MIT Entrepreneurship Center. Under Morse's direction, the Center has notably embraced entrepreneurship as a practice. In fact, even MIT's origins are guided by the practical application of knowledge. While most universities focus on the accumulation of knowledge and, being rooted in the tradition of a liberal arts background, value the exchange of ideas, MIT emphasizes practical application—an inventive approach that invades the sacrosanct territory of technical schools. Because of this unique method, MIT has gained elite status as one of the leading universities in the world.

Morse states, “A core belief of MIT is that practice is part of becoming perfect, which is reflected in the motto of the school, ‘mind and hand.’ That is why we have the ‘Entrepreneurship Lab’ and the ‘Global Entrepreneurship Lab’ classes.”¹⁴ As the word laboratory implies, the emphasis in these classes is on testing theory to determine if it works in practice.

Could theory overtake practice at MIT? “We would never let that happen!” Morse responds. “We have actually cranked up the practical dimension of our courses. We have factory tours each March where students go to different parts of the world, whether the Middle East, China, Japan or Korea.”¹⁵

A fourth perspective comes from Gordon Redding of INSEAD in Fontainebleau, FR. He notes that the best way to understand the nature of entrepreneurship is to compare it to the world of medicine:

How do you produce a doctor? The most critical skill in medicine is diagnosis. If you get that wrong, then you kill people. If you can't do it properly, then you're useless as a doctor. It is a very highly developed skill. It's a combination of aptitude, of interest, and also technique, but you can only learn it by practice. You have to diagnose patients in hypothetical conditions—where other people have control of the situation—before they let you loose on real people. But once you're a good diagnostician, then you become very effective, very powerful, and you get people better.

It's exactly the same with entrepreneurship. Unless a person has developed the craft by practice, no matter how many books he may have read, or how beautiful a business plan he produces, it's absolutely useless. You must make mistakes and learn how to recalibrate in order to avoid future mistakes. The world of medicine is so far in advance of the world of management, but the principles are no different.¹⁶

For Redding, entrepreneurship is clearly learned in the field; there is a monumental difference between understanding theory and living in reality.

The fifth perspective is that of Henry Mintzberg, a well-known management guru. Obviously Mintzberg, like Drucker, is known for management thinking rather than entrepreneurship. However, though both Mintzberg and Drucker's perspectives on entrepreneurship are from the context of management strategy and management education, their insights are complementary and powerful.

According to Mintzberg, management (like entrepreneurship) "is a practice that has to blend a good deal of craft (experience) with a certain amount of art (insight) and some science (analysis)."¹⁷ If management is a "science," then this implies that one may determine a set of laws about it; similarly, if it is a profession, then codified laws should

exist. But Mintzberg believes management is, foremost, a craft, with a certain amount of art. And, since management is a craft, the learning process involves an emphasis on experience.

Mintzberg explains, “The development of such managers will require another approach to management education, likewise engaging, that encourages practicing managers to learn from their own experience. In other words, we need to build the craft and the art of managing into management education, and thereby reinforce these in the practice of managing.”¹⁸

With that in mind, “It is time to face a fact,” Mintzberg concludes. “After almost a century of trying, by any reasonable assessment, management has become neither a science nor a profession. It remains deeply embedded in the practices of everyday living. We should be celebrating that, not deprecating it. And we should be developing managers who are deeply embedded in the life of leading, not professionals removed from it.”¹⁹

How does this apply to entrepreneurship?

Entrepreneurship, like management, is not a profession—there is no official, widely-accepted base of knowledge. Unlike lawyers, who learn technical skills within the context of a carefully defined legal system and use specific legal skills within that context, entrepreneurs have no underlying code of guidance.

Entrepreneurship is also not a science. Scientists learn from experiments under carefully controlled conditions, in which they isolate various elements in order to measure the different outcomes. Their objective is to achieve similar results when conducting a series of repeat experiments. With entrepreneurship, however, the external environment is almost impossible to control. As well, history does not repeat itself; there may be similarities to past cycles, but there is no exact parallel. Thus entrepreneurship does not fit into a predictable, scientific model.

Like managers, entrepreneurs must develop skills through practice as they explore the nuances of the marketplace and develop a sense of the different dynamics at play. They must learn how to balance themselves in a rapidly fluctuating environment.

With these concepts in mind, Mintzberg does not ask managers to ignore the element of analysis. He agrees that there is a place for the technical disciplines taught at MBA schools. In addition, he does not reject the silos of information on marketing, accounting and finance; nevertheless, he refuses to equate managerial training with the presentation of such information. That knowledge is helpful in moderation—but not in the scholastically dominant position it currently enjoys.

Mintzberg states, “You can’t learn [management] in an educational institution, but you can improve it if you are given the chance to share your experience with other managers, in the light of interesting concepts.”²⁰ He adds, “We have interesting things we can do in business schools, but we have to respect the experience of managers and what they bring to the classroom.”²¹

Executive MBA programs, which only accept applicants who have experience and are presently employed, make the mistake of training people like they are young, naive students. Mintzberg protests, “They take people with experience and try to teach them like they have no experience. We don’t take advantage of their experience...I think it is a travesty when we don’t.”²² In response, Mintzberg developed the “International Masters of Practicing Management” program (discussed in Chapter 7) to address these shortcomings.

These five perspectives on entrepreneurship—from Stevenson, Drucker, Morse, Redding, and Mintzberg—all vary in their emphasis. My view is similar to certain components of the perspectives previously described: I believe entrepreneurship is primarily a practice—one focused on innovation as its core activity—and, subsequently, it is a craft, a wisely-developed combination of experiential lessons and skills.

What exactly is meant by the word “practice”? The *Merriam Webster Dictionary* defines practice as a noun with two relevant denotations: first, “actual performance or application,” and secondly, “a systematic exercise for proficiency.”²³ On one hand, practice can mean the actual performance of the tasks. Indeed, entrepreneurship is best understood, learned and taught as a performance grounded in the realities of application. Alternatively, practice implies the ongoing drive for perfection, and persistent improvement through one’s continuous focus on the process. Entrepreneurship fits this definition as well.

Why is entrepreneurship not typically viewed as a practice? There is a philosophical divide between entrepreneurs and academics. Most entrepreneurs themselves view their activities as a practice. But it is academics who are writing textbooks and doing research; they generally outnumber so-called practitioners or adjunct lecturers, or entrepreneurs in residence at business school faculties. Thus, their work, which is theory-based, prevails in most books on the subject. As both a practicing entrepreneur and an academic myself, I am convinced that “learning by doing” prioritizes practical knowledge.

Educators, whether in high school or at university, appear to simply overlook the common-sense emphasis on practice with regard to how individuals acquire and retain knowledge. Roger Schank, an educational psychologist, notes:

We learn by doing. You learned your job on the job, not through listening to lectures or memorizing facts and figures. When you taught your child to ride a bicycle, you didn’t give him a lecture about the mechanics of pedaling, or discuss ways in which he might keep his balance. Instead, you put him on the bike, held the handlebars, and let go when he seemed to have the hang of it; he needed to fall, get up, and keep practicing on his own until he became proficient. We all learn through experience, failure, and practice, a...paradigm that is largely absent from school.²⁴

While Schank directs his comments at the education of children, the same principles apply to learning about entrepreneurship. In short, entrepreneurship should be viewed foremost as a practice. This definitional compass will serve as a way of navigating through the different perspectives of the entrepreneurship experts, and will serve as a common thread between many of their insights.

That said, I did not attempt to make the following chapters one synthesized, tidy opinion. Instead, each chapter highlights a different expert who shows a unique perspective on entrepreneurship, and collectively, the chapters illustrate the diversity of informed insight in the field.. As demonstrated by the broad range of ideas you will read about in this book, the entrepreneurial landscape is a complex terrain. And it is no place for a dilettante.

Endnotes

- 1 Jim Pattison, Interview.
- 2 Ibid.
- 3 Ibid.
- 4 See www.jimpattison.com.
- 5 “Why entrepreneurship has won!” USASBE Plenary Address, February 17, 2000.
- 6 Stevenson, *New business ventures and the entrepreneur*, 4.
- 7 This is the first of Stevenson’s “Three tenets of the Harvard Business School approach to teaching entrepreneurship.” See www.hbs.edu/entrepreneurship.
- 8 Stevenson, *New business ventures*, 5.
- 9 H. Stevenson, Interview.
- 10 Barringer & Ireland, *Successfully launching new ventures (2nd Ed)*.
- 11 Drucker, *Innovation and entrepreneurship*, 247.
- 12 Ibid., 247.
- 13 Ibid., 248.
- 14 K. Morse, Interview.
- 15 Ibid.
- 16 G. Redding, Interview.
- 17 Mintzberg, *Managers, not MBAs*, 1.
- 18 Ibid., 1.
- 19 Ibid., 11.
- 20 Mintzberg, Interview #1.
- 21 Ibid.
- 22 Ibid.
- 23 Merriam Webster Online.
- 24 Schank, *Coloring outside the lines*, xx.