

Date: 8th December 2017

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What's The Future of Entrepreneurship

Companies like Uber, Facebook, Google, Amazon, Apple have changed the rules of the game in a revolutionary manner

The business section of the newspapers awes and shocks me at the same time. The sheer number of bankruptcies, disasters, closing down or stock crashes due to unfriendly business models, businesses that have become obsolete etc. seems ridiculously high. What seemed like a thoroughly sound and profitable business plan yesterday seems to have gone bust today.

Companies that are at the top of their games (like Eastman Kodak after several decades of leadership was brought to its knees) end up at the rock bottom rather quickly. We live in a new world governed by VUCA (Volatile, Uncertain, Complex and Ambiguous) variables and vastly different and unconnected events like the subprime crisis in 2008 (economic), the Arab spring (political) or the commercial viability of Shale Gas Liquefaction (technological) are able to generate far-reaching consequences all over the world.

How Landmark Businesses Have Changed the Rules

Companies like Uber, Facebook, Google, Amazon, Apple etc. have changed the rules of the game in such a revolutionary manner that it is all that one can do even to keep up.

This is merely a representative set of the universal pattern today. Such landmark businesses have made it necessary for the modern-day entrepreneur to rethink, retool, redesign and reengineer themselves so as to be productive and purposeful so that their organizations can survive the turbulence. The overarching concept that has singularly driven all these changes in the way we do business and live our daily lives is technology. It has changed the way we eat, sleep, interact with each other, build products and services and sell them, teach our children, bond with nature and society. We have moved from an age where technology was a business opportunity to a time when technology is the driver of all businesses.

Challenges that Present-day Entrepreneurs Face

Imagine therefore the kind of challenge that confronts the entrepreneur. It is important to first understand what is required of an entrepreneur today. An entrepreneur is a person who has an idea, takes on the responsibility of financing the idea and developing it into a purchasable offering to the target-customer in order to make a profit. He was an end-to-end kind of person in the past.

When I set up my institute in 2003, I had to run from pillar to post to get everything from the finances to the people and the premises sorted out (no longer the case today you can do business sitting in your bedroom with a laptop and Internet connection).

Consumer Mindset has Changed

Banks were conservative and lending was discretionary. Today, the market is replete with options from both financial institutions and other unorthodox investors eager to fund ideas with any potential.

I had issues of conflict of commitment and interest with my actual employer (these are so obsolete today that my problems in 2004 are quite laughable!). The most important change today is that the basic mindset of the consumer and the way we spend our money has changed dramatically. We no longer spend on only what is necessary -- we spend because we can.

The entrepreneurial landscape today therefore, is vastly different. It is certainly more challenging but for different reasons. The biggest challenge lies in conceiving that great idea that has the potential to make profits. Ideas may abound but the key question is whether they can be converted into a product that can bring home the moolah. This involves a scientific process, including research, multiple meetings with subject experts, cross pollination of ideas, creating and revising business plans, identifying the perfect go-to-market strategy, putting together a quality team, setting the cultural quotient of the corporate entity etc.

Given that redundancy occurs at ridiculously high rates, there exists a very small window of opportunity that needs to be seized at the right time. If not someone else will run with it.

Entrepreneurs today need not have all the skills required to run the business end-to-end. However, I'd like to set forth Bala's Big 10 - attributes that I believe are crucial for the success of an entrepreneur:

1. An entrepreneur needs to be enterprising, shrewd and calculating, able to see the bigger picture, understand the market and scope and have an exit strategy in place. Everything that is operational can be outsourced to others (people or machines).

2. Technology is all pervading. The smart entrepreneur will do well to understand its utility, capitalize on its potential and judiciously deploy it to further his business objectives.

3. Networking is extremely beneficial. I always like to say that 'My network is my net worth'. Knowing many people across the board opens doors and creates opportunities like nothing else. This will be particularly helpful in creating an advisory committee (a voluntary one with no statutory or remunerative obligations) or even in identifying a mentor.

4. The first team that you put together must be one that has people bringing complementary strategic skills to the table. You don't want 'yes men' but those that are invested in the idea, believe that it will work and will leverage their individual strengths to create extraordinary synergies.

5. Be clear that long-term survival is not the goal - making quick and clean profits, handing over the reins and exiting is the way to go - the millennials of today are hard workers and an adventurous bunch with high appetite for risk - all of which are excellent qualities in an entrepreneur.

6. Do not be afraid to take risks. Be aware of the Cash Burn rate - money will run like water in the initial days. There is always a gap between investment and return and it is quite possible that for the first couple of years you will spend more than you earn, but that is how it is. Make decisions that help you keep an eye on the cost like renting equipment, IT infrastructure or premises - even though the accountants will always advise you that it is better to buy than to rent, you will not be able to afford the upkeep in the initial years.

7. Quite often, the entrepreneur is not so much selling a 'product' as he is a 'concept'. He is a pioneer and concepts require constant refining. I've found much to my pleasant surprise that having a dialogue with my younger colleagues and even children have presented me with such fresh perspectives, interesting alternatives and even innovative and simple solutions to issues. Don't discount anything anyone has to say but find a way to include and promote dialogue.

8. Understanding the basic principles of management and its functional specialisations, law, ethics, cultural ethos, economics etc. will come in very handy. I would go one step further and recommend that those intending to pursue their entrepreneurial dreams should certainly take up niche management courses specializing in Entrepreneurship (even short-term or blended type) from a good school in order to get up to speed with the latest trends, best and next practices, build a network with peers and teachers, mentors and industry practitioners to give wings to your dreams.

9. Achieve a fine balance of IQ (Intelligence Quotient), EQ (Emotional Quotient) and SQ (Spiritual Quotient). The business depends on you and you take on maximum onus in the early years. The stress is immense. Keeping the faith and believing in yourself and your idea is critical. Seeking strength on a particularly bad day from whichever God or Guru you hold dear is desirable.

10. Be responsible corporate citizens - with success comes money and power and it is often very easy to cross the line. Don't.

In conclusion, as people, entrepreneurs need to be adaptive, accountable, affordable and agile. Do whatever it takes to achieve your goals and go after your dreams hammer and tongs. Remember however that if you are not DISTINCT you will become EXTINCT.

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