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Royal Bank Letter

Reflections on Our Times

Igniting the entrepreneurial spark

BY PETER C. NEWMAN

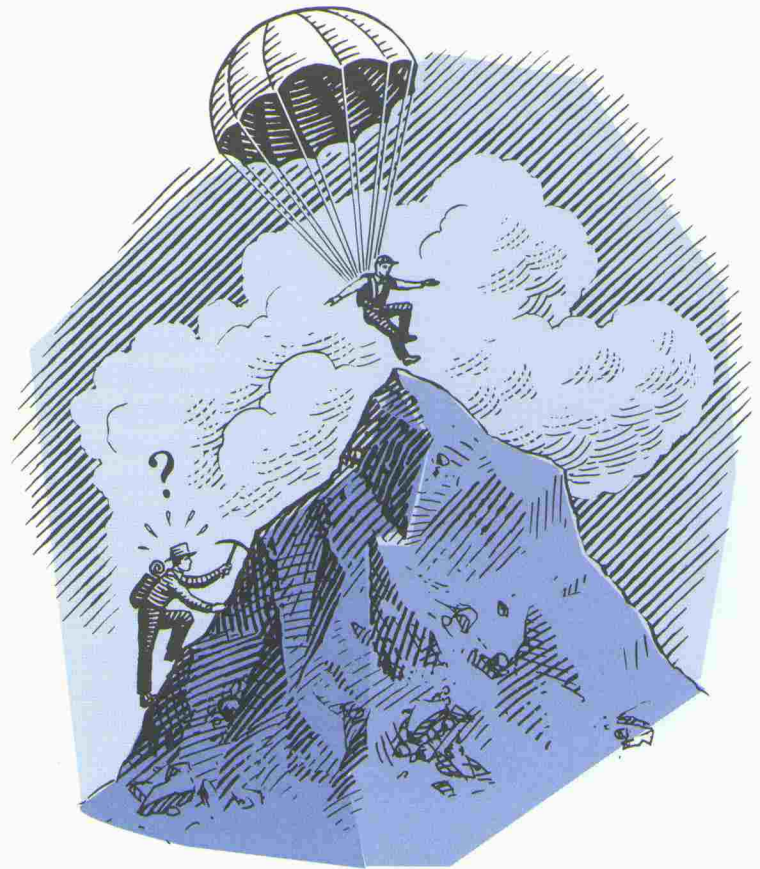
“Only the professionally self-motivated will inherit and enhance tomorrow’s economy. Inside large organizations, that means taking initiatives beyond job descriptions, while individually advancing collective corporate objectives.”

THERE WAS A TIME WHEN THE ENTREPRENEURIAL spirit was welcomed but not compulsory. Survival was the main concern of most Canadians, and while much of business was competitive, there was enough room to grow and space to expand.

But in the 21st Century, most of us have little choice about acting and thinking like entrepreneurs. The global economy has become so competitive that being entrepreneurial, whether we work for ourselves or for others, has become a given. Only the self-motivated will inherit and enhance tomorrow’s economy. Inside large organizations, that means taking initiatives beyond job descriptions, while individually advancing collective corporate objectives.

Whatever their specific goals, entrepreneurs in every context and at all levels constitute a fraternity joined by their quest for self-fulfillment. Rather than involving the exercise of any specific skills or talents, the entrepreneurial spirit places priority on certain qualities of thought and attitude. Few are immune from taking part in the entrepreneurial ethic.

The most unlikely professions require entrepreneurial talent. Authors, for example, who turn out



books every three years or so, are producing a \$35 product that nobody needs. To be successful, they must be as much marketers as writers, scattering their imagination along both paths equally. This Royal Bank Letter attempts to isolate some of the essential, rarely defined elements that combine to ignite the entrepreneurial spark, and more important, to keep that flame from flickering.

A Creed to Live By

Among the most impressive of contemporary Canadian entrepreneurs is Craig Dobbin of St. John's, Newfoundland, because exercising that trait literally saved his life. Started in 1947 with no assets but his brawn and bravura plus a small bank loan, his CHC Helicopter Corp. now earns annual revenues of \$555 million, operating more than 300 flying machines in 23 countries, mostly servicing offshore oil-drilling platforms.

A few years ago, when he was unexpectedly diagnosed with idiopathic pulmonary fibrosis, Dobbin's doctors blamed his potentially fatal disease on the use of a faulty compressor during his younger days as a professional diver. "I was gradually running out of the capacity to breathe, because my lungs couldn't deliver CO₂ from my bloodstream," he said in a recent interview. "The doctors said I had four months to live unless I got myself a new lung. That's when I decided that death was not an option."

Dobbin analyzed the North American hospitals doing lung transplants, got himself listed in 10 of

them as a "local resident", by virtue of the fact that he was only two hours away on his leased jet, which he kept in Birmingham, Alabama, near the continent's mid-point. Dobbin is six foot three inches, and there were few tall enough donors whose lungs would fit him. Eventu-

ally, he could only breathe through a full-face oxygen mask.

But success was his. He got new lungs at the University of Pennsylvania Hospital in Philadelphia, reaching the operating room two hours and 10 minutes after he received their call. "It was a very hard chore," he recalls, "but the thought never ever entered my mind that I wouldn't be able to repair the inconvenience that was prohibiting me from having a full life. Now, I just boogie down life's highway and feel the same age [Dobbin is 65] as some of the young guys around me. I was lucky, I guess. But you make your own luck."

That's hardly a typical case history, but the primary formula of any entrepreneurial success, is the lesson Dobbin passes on: "Make your own luck."

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Making Your Own Luck

"You must believe that what you're doing is beyond failure," he insists. "And you need to be credible and you better be honest. Banks, when they lend you money, want security and a repayment of their loan. You have to give that assurance and live up to it. Becoming a successful entrepreneur means being both highly competitive and slightly insecure. By that I mean knowing that if you don't make your own way, there is nobody out there to do it for you. There are no safety nets."

Dobbin strongly advocates that people follow their own path, but not at any risk. The trick is learning how to manage or at least minimize risk, so that the chances of success are at least as high as the possibilities of failure.

Entrepreneurs aren't born with do-it-yourself manuals, but some guideposts on how to tilt the odds in your favour can be useful. Here is one version of the Ten Commandments of Successful Entrepreneurship:

1 Be adaptable. To discover this most basic rule of entrepreneurship, you must study Charles Darwin's *On the Origin of Species*, first published in 1859. Actually, you don't have to plough through that ponderous tome's scientific arguments, but you must draw from it one essential lesson. Darwin is constantly being quoted as having advocated "survival of the fittest". He never did, and it's just as well, because in its modern meaning that would endow those muscle-bound, macho individuals who exercise daily with barbells as having the greatest chance of success. Darwin's theory was based squarely on what he called "survival of the most adaptable". Flexibility of thought and action in a world that's changing as we walk in it, is what divides serious entrepreneurs who become long-distance runners, from one-shot-Charlies. Being and remaining adaptable is exactly what entrepreneurship is all about.

2 You must see what others don't. One example: William Zeckendorf when he was New York City's leading real estate broker, enjoyed a justly-earned reputation for making his own luck. At one point, he purchased, at a ridiculously low price, an abandoned riding stable in downtown Manhattan. The block-long structure was once used by the city's upper crust to exercise their favourite mounts. It had been on the market for more than 20 years without attracting a single bid-

der. Zeckendorf had heard that NBC was searching for new downtown TV studios that required large open spaces, unobstructed by pillars. A quick glance at the derelict riding stable convinced him that, once refurbished, it would make an ideal TV location, and he promptly flipped the “useless” building to the television network for ten times his cost. That story illustrates the twin, essential ingredients of successful entrepreneurship: vision and hutzpah.



3 **Launching an exciting vision doesn't mean having to re-invent the wheel.** Ted Turner didn't create the idea of television news, but in 1968 he bought WJRJ, a debt-ridden Atlanta, Georgia, television station, and changed its call letters to WTCG, (“Watch This Channel Go”). A dozen years later, realizing that traditional family life was becoming more hectic and fragmented, so that viewers in any given home seldom watched newscasts together, he established CNN, the 24-hour news network, which he sold 16 years later, to Time-Warner for \$7.5 billion. What any successful entrepreneur must bring to the table, is not so much a revolutionary concept, as energy, enthusiasm and unbounded faith in him or herself.

4 **Take advantage of the most obvious opportunities, but never be satisfied with the status quo.** One example is the story of Peter Armstrong, currently CEO and major shareholder in the Great Canadian Railway Tour Company. The largest privately owned passenger railroad in North America, it tours an average of 80,000 passengers a year through the Rockies, employing 350 in the process. Working as a doorman at the Hotel Vancouver, Armstrong kept watching Gray Line, then a provincially-owned bus tour company, turn away passengers. He leased his own tour bus, and eventually took over the Gray Line franchise, but his big breakthrough was acquiring

the heavily-subsidized and money-losing VIA Rail operation between Calgary and Vancouver. His Rocky Mountaineer train rides are a success, and he's currently eyeing VIA's trans-continental service as a possible follow up. This was hardly a precedent-shattering idea, but it took guts and determination to make Peter Armstrong's ambitious dream come true. True entrepreneurs can never have enough of either of these valuable qualities.

5 **Take a lesson from our historically most entrepreneurial Canadians, the cowboys.** They were the ultimate loners of the western plains who made their own way, following highly individualistic lives. Their trail wisdom is worth repeating. “A cowboy who says he ain't been thrown ain't telling the truth,” they contend, stressing their hard, sweaty labors. “It takes a lot of wet saddles to train a horse.” But it is their lament about how tough a life they lead that makes the cowboy experience most relevant to contemporary entrepreneurs. “Cowboying is a rough way of life,” complains Buzz Kirkpatrick, who knows the trails well and still rides them.

“Despite the prevalence of four-wheel vehicles and high-priced machinery, the cowboy will never become extinct... They just ain't come up with anything that will take as much abuse as a cowboy.” Many an entrepreneur, sitting alone in his office at midnight, worried about meeting his payroll and how to fatten next month's thin order book, will sympathize with that sentiment.

6 **While making money is a useful ambition, it seldom provides adequate inspiration for greatness.** “You can't just want to succeed so you can drive a Porsche,” emphasized Paul Lum, the co-founder of Internet Gateway, one of western Canada's most successful Internet service

“Becoming successful as an entrepreneur has a lot to do with being both highly competitive and slightly insecure. By that I mean knowing that if you don't make your own way, there is nobody out there to do it for you. There are no safety nets.”

CRAIG DOBBIN
NEWFOUDLAND ENTREPRENEUR

providers, in a recent interview with *B.C. Business Magazine*. "You have to be personally compelled to prove something to yourself, your friends or your family. If you're happy with ordinary things, if you're happy with five percent growth a year, you'll never succeed as an entrepreneur. You have to be greedy." In other words, enough is never enough, because allowances must be made for rainy days. They'll come. Count on it.

7 Be as eager to complete projects as you are to start them. "Too many entrepreneurs abandon their enthusiasms too early – they are great starters but poor finishers," claims Julia Levy, CEO of Quadra Logic Technologies, an up-and-at-'em biotech firm in downtown Vancouver. "I think of myself as someone who puts opportunities together." It's the stamina and determination you invest that achieve optimal results.

8 You must cater to existing markets, but keep switching your product and service lines to reflect the newest trends. Timing is everything. The Panasonic advertising slogan "Slightly ahead of our time," is good advice. Michael Dell dropped out of university in the early 1980's to launch a mail-order computer company that tailored its units specifically to its customers' needs, and promised virtually overnight delivery. He was a billionaire by the age of 31, since everybody else was still selling only standard units, and marketing them through dealer networks that involved high cost structures, including wholesale and retail middlemen. He invented nothing, but made a fortune out of reviving mail order sales, a distribution method that dates back to the days of outdoor privies. You must never rest on your laurels, no matter how comfortable they may feel. Not to grow is to slide backwards.

9 Study your markets, but follow your fantasies. "If the barons of Silicon Valley were not chronic fantasizers, all of our mail would still come in envelopes," point out James Champy and Nitin Nohria, in their recent best-seller, *The Arc of Ambition*. "But dreams alone are not enough. Acting on one's dreams, that's the hard part. The good news is that daring is more often learned than inherited. To those who respond, life teaches courage, which then multiplies itself – as if by compound interest. What unites all achievers is that they see the world as it really is, without the

fears, constructs and constraints that inhibit others from daring to act out their dreams, much less believe in them." That's sound planning: action should always take precedence over dreams, but both are necessary.

10 Your commitment must be so focused that it filters out distracting and unforeseen risks that might interfere with building equity in your dream. "All I have is stubbornness," insisted Albert Einstein. That "never-give-up" attitude remains a given, but there is one other quality without which no entrepreneur can succeed: plain, dumb luck. "Running a business of your own," concludes *The Complete Entrepreneur*, a recently published handbook by Mark Peterson on the subject, "has many of the same risks as picking up \$100 bills scattered through a minefield. There is no wealth without risk, but your best opportunity is the day you invest in yourself." Good advice: you are your company's greatest asset. Keep it that way.

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THE ARC OF AMBITION
By JAMES CHAMPY AND
NITIN NOHRIA

The above "Commandments" will be useful to present and future entrepreneurs, but the most essential and enduring quality is self-confidence. It takes courage to strike out on your own. It takes even more courage to not be discouraged by the unavoidable pitfalls along the way.

The only dependable rule is that despite the inevitable disappointments and shattered illusions, it may be absurd to believe that being a successful entrepreneur is an attainable goal. But it's even more absurd not to try.



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