

# Opinion: What makes a good entrepreneur?

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Jonathan Stewart, Managing Partner - Exponential Ventures, tells us more about what it takes to be a successful entrepreneur and what to consider before taking the big leap.

The life of the entrepreneur can seem highly attractive to those looking from the outside. Who would not be attracted by the lure of greater freedom, independence and individual sovereignty that are part and parcel of the life of an entrepreneur? However, it's crucial to remove those rose-tinted glasses and to take a more balanced and realistic view of the life of the entrepreneur to be sure that you are not caught off-sides by the huge sacrifices and relentless demands of this sometimes very unstable life. While some individuals are naturally cut out to thrive in the rough and tumble life of entrepreneurship, others may be more suited to the relatively more stable life working for somebody else, however appealing the attractions of entrepreneurship may seem. It is therefore prudent to take some time to assess what it takes to be a successful entrepreneur before taking this big leap.

In this light, it may be helpful considering what we look for when an entrepreneur walks through our doors, either in search of funding

from the 4Di Exponential Tech Fund, entry into this year's Startupbootcamp InsurTech accelerator, or a potential partnership with one of MMI's business units. Essentially, before committing money and too much time to a venture, we try to ascertain the extent to which the entrepreneur has the required mettle for success, based on what appears in the past to have been the critical success factors across multitudes of entrepreneurs. Naturally, this is in addition to an assessment of other key aspects around, inter alia, the market size, the product and general team quality and makeup.

### **Passion**

With respect to the entrepreneur, we need to see a significant level of passion on their part for the problem that they intend to solve, as well as for the solution that they propose to deliver to their target customers. Without this passion and a deep internal drive, it is unlikely that they will show the necessary perseverance, resilience and punishingly high work rate that is required, often over many years, in the highly demanding process of successfully developing and growing their business.

### **Coachability**

Passion can have a dark side, however, manifesting in obstinacy and an inability to take feedback and advice, often to the detriment of the business. Consequently, we are also on the lookout for a productive balance between passion, drive and open-mindedness. We need to have a sense that the entrepreneur will be truly open to market feedback and be coachable, as and when the need arises.

## **Commitment**

“Skin in the game” commitment is also critical for us to assess as investors. A founder who merely has optionality on the upside of a business, rather than a deep level of commitment and perhaps something to lose, isn’t sufficiently aligned with investors and may find it easier to drop out of the race when the going gets really tough. And it invariably gets a lot tougher than anyone expected when they first set out. It’s not uncommon to hear from entrepreneurs that if they knew at the start what they know now, they likely wouldn’t have begun in the first place.

## **Mastery**

Passion, commitment, open-mindedness and coachability are not enough. It is critical that the entrepreneur has developed a very high degree of mastery over the problem domain, which can be complex in the areas of insurance, health and wellness that interests us. Importantly, this mastery should not be restricted to thorough desk-top research, which is taken as a given. We need to see evidence of extensive learning through observation and interaction with potential customers and other stakeholders out “in the wild”, in an effort to confirm the true existence of the problem, develop a deep understanding of its subtleties and nuances and develop a creative and compelling solution. Without such a deep immersion and the knowledge base that flows from it, the odds of success for the entrepreneur fall off dramatically.

## **Data-driven mind-set**

The most successful entrepreneurs have a high respect for their scarce resources and consequently take considerable care to test

the relevance of their proposed solutions before approaching the market for funding. Accordingly, we look for a data-driven mind-set that utilizes well-designed tests to confirm or refute the entrepreneur's initial hunches and assumptions, rather than an unscientific, disorganized and sporadic approach that reduces learning, squanders scarce resources and ultimately dramatically reduces the chances of success. The entrepreneur must be willing and able to change their mind in the face of disconfirming evidence, pivoting the different aspects of their business model until they find a way to profitably deliver a compelling value proposition to their chosen market on a scalable and sustainable basis.

### **Learner**

Finally, the entrepreneurial journey can be a long one and the skill-sets that are required evolve as the business moves through its various phases. The successful entrepreneur is a continuous learner that always strives to update their skillsets and to broaden the capabilities of the crack team surrounding them as the company evolves, particularly under hyper-growth conditions.

The above is far from an exhaustive list, but if you feel that these points resonate with you, then perhaps you have what it takes to be a successful entrepreneur.