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**Authors:** Brodsky, Norm  
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### WHO ARE THE REAL ENTREPRENEURS?

#### **Pioneers, innovators, and 'one-ers' all build businesses, but a real entrepreneur is something else**

Everybody wants to be an entrepreneur these days, and--judging by the way the word is thrown around--you might think that everybody is one. For all kinds of people, from the guys who play three-card monte in Times Square to the heads of giant corporations, "entrepreneur" is the job designation of choice. It's applied to politicians and college presidents, cabdrivers and bookies. People like Donald Trump, a real estate developer, and USA Today's Al Neuharth, a big-company executive, are held up as models of entrepreneurship. Meanwhile, newspapers routinely refer to inner-city drug dealers as entrepreneurs, presumably because they're trying to sell something at a profit.

This is nuts. Entrepreneur is not a meaningless word, and we shouldn't let it become one. It's the only word we have to describe a person who performs a particular function that's critical to our economic well-being. I'm talking about the conversion of ideas into viable businesses by means of ingenuity, hard work, resilience, imagination, luck, and all the other ingredients that go into a successful start-up. That process is not the only way to create wealth in a capitalist economy, and the people who do it aren't members of some sort of business elite. But they do something that's important and different from what other businesspeople do, and they deserve to have a name.

So what is the definition of an entrepreneur? I have a very simple one. In my book, entrepreneurs are people who, starting with nothing more than an idea for a new venture, have the ability to take it to the point at which the business can sustain itself on its own internally generated cash flow.

Notice I said "ability." I'm not talking about people who happen to be in the right place at the right time. Luck is a factor in every start-up, but I don't count people who start one company and then can't do it again to save their souls. I call them "one-ers." They're entrepreneurs by accident. The example I usually give is Eugene Ferkauf, who founded the E. J. Korvette retail chain in the 1950s and failed at numerous attempts to repeat his success.

I also rule out people who build on existing businesses. My friend Jack Stack, for example, is a great businessman and one of the best managers I know, but I don't consider him an entrepreneur. The business that became Springfield Remanufacturing Corp. was already in operation when he and his cofounders bought it. They started out with a factory, equipment, cash flow, inventory, employees, customers, you name it. Granted, Jack had to be very creative to survive, but what he did was different from what entrepreneurs do.

The same goes for Ray Kroc, who built McDonald's from a successful hamburger stand into one of the greatest companies in the world. He was without doubt a pioneer and a business giant, but the people who got the company up and running were the McDonald brothers, who turned out to be one-ers.

By the same token, I would exclude people who inherit a business, no matter what they do with it afterward. Ned Johnson of Fidelity Investments, for example, has revolutionized the financial-services industry, but his father, who started the business, was the entrepreneur. Ditto for Donald Trump.

As for Al Neuharth, he did a great thing when he launched USA Today for the Gannett Co. I'm sure he is a fine businessman and an innovator. I don't think you qualify as an entrepreneur, however, if you go into business with all the resources of a giant corporation at your disposal.

Nor do you qualify if you do nothing more than acquire existing businesses, like most of the people doing so-called industry roll-ups. They go around the country, buying up local businesses--say, ambulance services or delivery companies--which they then bundle together to create a new national entity. To be sure, they call themselves entrepreneurs. A couple of them have even been designated "Entrepreneurs of the Year," which is a joke. By and large, they're just smart accountants. The exceptions are people like Patrick Kelly of Physician Sales & Service, the national supplier of doctors' offices, and Ken Hendricks of ABC Supply, the largest wholesale distributor of roofing supplies, both of whom built their own businesses before starting to acquire others.

The point is that entrepreneurs, real entrepreneurs, are people who create companies from scratch. They start with nothing except what they themselves bring to the party--a concept, a few contacts, maybe some capital, plus all of those intangible qualities that are important to success in any new venture. And that's about it. There are no salespeople, no offices, no telephones or computers, no accounting system, no operations, no customers or suppliers. The entrepreneurs' job is to put everything together, wearing 10 different hats, juggling 20 different balls, relying on their own knowledge and instincts and creativity to get them to positive cash flow.

And the best entrepreneurs are masters of the process, which is not to say that they're necessarily the greatest businesspeople in the world. Very few of them are industry pioneers. Many of them have a hard time managing the companies they create. They may even fail in a new business venture now and then. But they know how to bounce back

from failure, and they keep on trying until they succeed. What they're good at is starting businesses. They can do it again and again.

So who are the real entrepreneurs? Ross Perot is certainly one of them. So is Steven Jobs. I myself would also include Microsoft founder Bill Gates and Federal Express founder Fred Smith, although I'd have to admit that, technically, the jury is still out on them. They could be one-ers.

But most real entrepreneurs are people you've never heard of. There are thousands and thousands of them--men and women of every race and nationality, in every industry and every corner of the globe. They're starting businesses every day, and the world is a better place because of it.

For their sake, I'd like to propose a New Year's resolution. Let's agree that, in 1997 at least, we'll reserve the title of entrepreneur for a particular group of people--the ones who've earned it.

#### ILLUSTRATION

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By Brodsky, Norm

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