

THINKING LIKE AN ENTREPRENEUR

LESSON 1: FROM INNOVATOR TO ENTREPRENEUR: WHERE DO I START?



Lesson Handout



Before or after reading this lesson, see the **video lecture “Thinking Like an Entrepreneur: what does that mean?”** for a deep-dive that demonstrates the entrepreneurial mindset.



After this reading this lesson, use the **activity worksheet “From Innovator to Entrepreneur: Where do I start?”** to apply your learning.

1.0 Introduction: Entrepreneurial Thinking vs. Becoming an Entrepreneur

A lot of people might think of Silicon Valley, venture capitalists, Facebook, and the early days of Apple when they think of “startups,” “ventures,” or “entrepreneurs.” The truth is that there are many more ways to bring a product out into the world.

If you’re “entrepreneurial,” it might mean that you want to make millions of dollars from your innovation—but it doesn’t *have* to. It doesn’t even mean that you have to start a business. Generally, being “entrepreneurial” means that *you’re a problem-solver and innovator who is considering ways to get your invention or product into the world.* How much effort you put in and how you decide to obtain the resources to make that a reality will determine your status as entrepreneur.

In this lesson, we will

- Define “entrepreneurship” and distinguishes it from “entrepreneurial thinking”;
- Describe the mindset and behavior of an entrepreneurial thinker;
- Identify key entrepreneurial motivations that could impact your choices; and
- Introduce some ways to help you decide if you are ready to take the leap from “innovator” to “entrepreneur”.

2.0 What is an Entrepreneur? What is an Entrepreneurial Thinker?

First, there is a difference between being an entrepreneur and being an entrepreneurial thinker.

An **entrepreneurial thinker**, or someone with an entrepreneurial mindset, is someone who constantly stretches their knowledge and experiences and embraces potentially uncomfortable situations from which they might learn. This is a mindset, or way of seeing the world. Anyone can think entrepreneurially; some people intuitively are more comfortable with this mindset, while others learn it over time.

An **entrepreneur** is “an individual who rather than working as an employee, runs a small business and assumes all the risks and rewards of a given business venture, idea, or good or service offered for sale” (Investopedia.com/dictionary). This is a lifestyle, or job, that someone has chosen.

But what does that look like?



EXAMPLE

Let’s consider musicians as a metaphor for product design innovators.

	Plays an instrument	Created an innovation
Born with natural talent	Can pick up an instrument and play it easily, probably did from a young age. A virtuoso.	Intuitive entrepreneurial thinker: asks questions, often seeks new experiences outside of their comfort zone, always seeking to learn.
Can learn the skills to become talented	Practice scales daily and take lessons, go to Juilliard to continue learning.	Practice entrepreneurial thinking, take courses, gradually takes small steps out of comfort zone to gain new experiences.
Make it their job	Both can be professional musicians, but might take different paths to get there.	Both can be entrepreneurs, but might take different paths to get there.

Thinking like an entrepreneur can be valuable, even if you don’t decide to become one. Because entrepreneurial thinkers are constantly learning, they use that new knowledge to be creative problem solvers. This helps other people around them, while also helping them meet their own goals.

By combining entrepreneurial thinking and a willingness to take action, an entrepreneur does certain things to build a strong business:

- They **recognize an opportunity** by observing others closely and asking questions about what could be different or better
- They **create a product** or service that someone will want
- They make sure that the product or service **“creates value.”** This means that someone values the offering enough to pay for it, to pay to do it themselves, or to otherwise pay to distribute it on your behalf for others’ benefit.
- They **find the resources they need**, even if they don’t have direct control over them. For example, they may need to borrow money, use savings, or raise investment; they might rent or borrow equipment instead of buying it; and they might hire an expert consultant, or offer part-ownership in the new company instead.

Most entrepreneurs aren’t just in it for the big bucks—they are passionate about seeing their idea become a reality. Some are focused on the money, but others just want to get their innovation into the world, whether they make money at it or not. This is still entrepreneurship: gathering the resources and turning your idea into something that other people will value and use.

3.0 Learning Entrepreneurial Thinking

You may decide not to be an entrepreneur, but by practicing entrepreneurial thinking, you’re more likely to be an effective employee, inventor, engineer, or designer. Consider the last time you needed a big favor from someone, or the last time you suggested a new project at your job. It is likely that you began to think like an entrepreneur: *“What resources are needed, and for how long? Who is willing to help? What’s in it for them? What problem am I solving with my product or service? Can I design it to be even more useful?”* By identifying and building your entrepreneurial thinking skills, you become more knowledgeable, resilient, and creative, no matter what you decide to do.

According to a study that reviewed the research about entrepreneurial mindsets (<https://venturewell.org/assessing-entrepreneurial-mindset>), people with an entrepreneurial mindset have a mix of these personality traits or habits of mind:

- Curiosity
- Risk-taking
- Innovation
- Perseverance

- Enjoy independence/limited structure
- Achievement orientation
- Ethics
- Future-focus
- Empathy/interpersonal sensitivity
- Non-conformity
- Optimism
- Leadership orientation
- Reflective
- Strong self-confidence



Many people seem to be born with these traits, but they can also be learned. Someone can cultivate an entrepreneurial mindset when they think critically and holistically about their product, their customer, and themselves:

- **Identify stakeholders:** *Who will use the product? Are they the same as the people paying for it? Are there regulators who could block its use? Who benefits and who loses if the product is widely used?*
- **Examine personal assumptions:** *What do you expect your stakeholders' beliefs, needs, and actions to be? What experiences have you had with these stakeholders that lead you to think your solution is the best for them? How certain are you that you are correct?*
- Then engage with stakeholders by **asking questions and listening carefully for patterns.** *What are the opportunities or barriers for them to use the innovation? Do they say their problem is the same as you thought it was? Are you humble enough to be corrected? Are you resilient enough to re-work your designs to meet their needs?*

4.0 Making the Leap to Entrepreneurship

Assume that you have at least some entrepreneurial thinking skills, or at least a desire to practice them. If you are thinking about becoming an entrepreneur, what factors could you consider so that you can jump in with both feet, learn from the experience, and have an impact—while also minimizing your losses if it doesn't work out?

Let's apply entrepreneurial thinking skills of **self-examination** and **critical analysis** to the decision to become an entrepreneur:

Noam Wasserman, author of [The Founders' Dilemmas](#), studied the choices of thousands of different entrepreneurs over the course of many years. He cites studies that showed that 60-65% of failed startups can point to "team" or "founder" problems as a key factor. He suggests that innovators look carefully at their motivations, personal circumstances, career circumstances, and the market circumstances before taking big risks. He calls this "fitness to found."

- First, by reflecting on your motivations, you can describe the type of entrepreneur you'd like to be.
- Next, by honestly looking at your capabilities and resources, you can also decide if the timing is right to take the plunge.

When you put these factors together, you will be able to see the opportunities and risks of entrepreneurship. They will help you decide if you'd like to be to be a full-time or part-time entrepreneur, or if entrepreneurship is not the right path for *you* after all.

4.1 Examining Personal Motivations: Why am I commercializing?

Understanding your reasons for commercializing are important because they will influence *how, or if*, you decide to bring your product into the world. For example, if your motives are altruistic and you want to help people in poverty with your innovative water filter, you are likely to choose a different strategy from someone whose goal is to get rich and have the prestige of selling their technology to Apple.

First, reflect on your **vision and values** for commercializing. *Why are you excited about bringing your innovation into the world? If your product is wildly successful and reaches millions of people, what's in it for you?*

Next, honestly consider your **work style**, such as the **level of control** or **amount of collaboration** you prefer. It will impact who, if anyone, you work with on this project. For example: *Do you like to work solo? Do you need a sounding-board? Are you indecisive or so decisive that you're stubborn? Do you want to be in charge, or do you prefer that someone else is responsible? How much structure do you like (or need)?*

Then, consider your **financial goals**. These are your motivations for making money from the product, and how much you'd also be willing to risk if you had to pay for all of the product development yourself. *Would you be content with making a steady income and making this your job? Are you seeking huge financial payoff so that you can buy a private island? Or, you are ok with breaking-even or even losing money if it means that your innovation gets to people in need? Generally, based on your personality and goals, how much financial risk are you willing and able to accept?*

Let's look at a few entrepreneurial archetypes—or generalized types of people who share common motivations and behaviors. In this case, they show how vision, values, and work style might combine to create archetypes. Author and researcher Noam Wasserman classified entrepreneurs into two categories: "Rich" and "King." However, because not all innovators become entrepreneurs, there are two more archetypes listed here, "Altruist" and "Hobbyist,":



The **King** archetype is most passionate about having freedom as a self-employed entrepreneur. Becoming wealthy from creating a growing venture might be important to them, but it is even more important to have the independence to guide the vision for the product or company. For the king, the company is their kingdom. They may bring in co-founders, or employees, but they are the final decision-maker. The King might be worried about losing control, and therefore might not want to bring in investors who own part of the company.



The **Rich** archetype is passionate about growing their entrepreneurial venture as big as possible, as fast as possible. They are driven by their vision for “disrupting the market” by creating something entirely new, and becoming wealthy as a result. “Rich” archetypes might be willing to adjust their mission and product designs if it means that they will gather investment resources or sell more of the product. They tend to be more willing to bring in experts and share control of the company if they think it will create more wealth for everyone. In the long-run, they want the product to be well-known, highly useful, and influential in society.



The **Altruist** archetype is passionate about improving the lives of others and contributing to the broader social good, whether they make money on commercializing the innovation or not. They are optimistic that they can have an impact on a pressing social or environmental problem. They are usually externally-oriented, observing problems and seeking collaborators for solutions. Sometimes, their biggest blind-spot is that they are so enthusiastic about developing their innovation that they forget to consider who will pay for the product if it is created (especially if it will be donated to people in need). These people are “innovators” and “entrepreneurial thinkers,” and *may* decide to become for-profit or non-profit “entrepreneurs.”



The **Hobbyist** archetype is passionate about innovation for innovation’s sake. They make things because it is fun to learn how to make it, and they enjoy the feeling of empowerment of doing something themselves. They are motivated by the intellectual challenge of making things that THEY think are cool. They might consider starting a side-business, but they usually plan to keep their day-job. They are willing to pay for equipment or supplies to feed their creative drive, or recruit friends to help. Hobbyists are often happy to share designs and are not worried about controlling the product or becoming wealthy. These people are “innovators” and “entrepreneurial thinkers,” but are not “entrepreneurs.”

Do any of these examples sound familiar? Start noticing patterns—about yourself or a co-founder—and consider what you like, or what you don’t like about these patterns. This will

impact how you work with others, so try to be as honest with yourself as possible! By looking at these priorities more closely, you will be able to communicate more clearly with potential partners and collaborators, and will be able to create a winning strategy that meets everyone's goals.

4.2 Evaluating Capabilities and Resources: Is the timing right *for you*?

Now that you have thought about *why* you are interested in commercializing, the next step is to take stock of your capabilities and resources to see if you are equipped to actually do so. By thoughtfully assessing your situation, you can save yourself a lot of heartache, drama, and credit card debt!

Shouldn't we follow our passion? ...well, not if your passion sweeps you off a cliff without a parachute!

Examining Personal Circumstances helps you to identify the support systems you already *have* along with resources you might *need*. Believe past entrepreneurs when they say it is difficult to focus on product development or sales when you're stressed out about family relationships or your ability to pay rent.

Relationship questions to consider:

- How supportive is your family or spouse? Are they accepting of how you will split your time between spending time with them and spending time on the project?
- Are your motivations compatible with your co-founder's (if you have one)?
- Can you find members of the local startup community who can give you advice and mentorship?
- Who—friend, spouse, parent, mentor—will help you think through tough decisions and offer encouragement?

Logistical questions to consider:

- Are there enough savings or income to keep paying for rent, groceries, and other personal needs until your product is profitable?
- Do you have a mortgage, credit card debt, or student loans?
- Would you be willing and able to move to a new country if that is where your customers are?

Examining Career Circumstances helps you to identify the ways that your career path may (or may not) align with your entrepreneurial goals. Whether you want this business to be your job for the next 15 years; whether you would like to be CEO of a large, growing organization, or maybe you don't want to be in a business at all, take a moment to consider whether you have the knowledge needed, or if you need to gain industry experience before jumping into commercialization.

Career questions to consider:

- How well do you understand the end-customers and the industry that will use your product?
- If you hope to raise investment, do you have enough relevant work experience or have credentials to be credible?
- Are you quitting a high-paying job to do this? Or, is being self-employed attractive because you currently don't have a job?
- Do you have the knowledge to make and distribute this product yourself? If not, can it be learned quickly and easily?
- When you think of leadership or management skills, what are your strengths or weaknesses?

5.0 Connecting the dots: Personal inventories impact entrepreneurial decisions

As you conduct your self-inventory, notice the ways that the innovators' entrepreneurial thinking skills, personal goals, and circumstances influenced how (or if) they decided to become entrepreneurs.



EXAMPLES

Meet Jason, Catherine, and Kevin. They were college students when they went to a hackathon and invented a product for controlling the spread of Ebola.

Team conditions were aligned because they agreed that they were 80% "Rich" and 20% "Altruist" in their motivations. Jason would make final decisions. Their personal circumstances were good because their families were supportive (though a little confused). They found mentors at their college entrepreneurship center.

Their career circumstances were mixed. They realized that they needed more business coaching, so they found training programs like VentureWell's E-Team program to help them. Katherine decided to pass up computing and IT jobs, and Kevin deferred plans for

medical school; after some tense discussions, they chose to make the sacrifice. Jason's career circumstances were good because this is his second startup.

Financially, they had a USAID grant to pay for living expenses and product development costs, and student loans were small and could be deferred. They used grant funds to travel to West Africa to do field testing with end-users, and the network from USAID helped them to connect with customers. The commercial opportunity is also compelling: overall global disinfectant market is valued at \$6Bn annually, and their target market segments within it is about \$1Bn.

Conclusion: They chose entrepreneurship by founding a for-profit, high-growth startup. They raised \$1M investment and have made Kinnos Inc. their full-time job to launch their product and develop more items.

Meet Jasmine and David. They were college students who invented a new way to patch potholes during winter, when road repairs can be difficult. Professionally and personally, their situation was more complicated.

Career circumstances and connections were mixed. They both had an internship at the local Department of Transportation that gave them enough credibility that they won some grant money to test the technology. Their teachers were supportive, but didn't have connections to manufacturing or intellectual-property experts.

Personal circumstances were also mixed, and motivations conflicted. Jasmine's parents were supportive and proud of the grant they won, but David's parents pressured him to finish his engineering degree and get a steady, high-paying job. They also disagreed about their path: Jasmine was more interested in being a "Hobbyist" because it was an interesting project to put on her resume; David felt the need to prove his family wrong, so he wanted to be "Rich." Unfortunately, investors were not interested in it, so "Rich" wasn't really an option.

Conclusion: Things were so tense during the rest of the school year that they decided to use their entrepreneurial skills elsewhere, instead of continuing to commercialize the idea. Jasmine became an analyst at the DoT after graduation, and David became a product designer at a car company.

5.1 Lesson Summary: Entrepreneurial thinking is Critical Thinking

Being “entrepreneurial” simply means that you’re a problem-solver and innovator that is considering ways to get your invention or product into the world. Because entrepreneurial thinkers are constantly learning, they use that new knowledge to be creative problem solvers.

You can build your entrepreneurial mindset by practicing risk-taking, independence, curiosity, and empathy. You practice those skills when you reflect on your vision and values, workstyle, and financial goals. You practice critical thinking, optimism, and humility when you examine your personal and career circumstances, so you will have a better idea of if entrepreneurship is right for you.

When you put these factors together, you will be able to see the opportunities and risks of entrepreneurship. You may notice some things that are missing for you to comfortably become an entrepreneur. This can be disappointing. That’s OK. By identifying and building your entrepreneurial thinking skills, you become more knowledgeable, resilient, and creative, no matter what you decide to do next.

Next Steps:



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