

Entrepreneurial Life

By: Peter Harrington

April 2020

Transcript

Studying right now can't be easy.

These are very difficult and challenging times.

But a few years ago, well 30 to be honest, I was a student at York St John University.

When I completed a management degree my tutor, the remarkable, Honorary Fellow, Romano Zavaroni, inspired me to start my first business.

That was 1989.

Romano and York St John gave me the critical foundations and confidence to become self-employed. But I had no idea what I was really letting myself in for.

But over the years I've started and grown several companies and employed over a thousand people.

So whilst I'm not in person with you today, I hope this podcast about my entrepreneurial journey can in some way inform your thinking and fire your imagination.

Using my experience, reference to a few recommended reads and some personal stories I'm going to cover 5 key topics in this podcast, which include:

The personal qualities required to succeed as an entrepreneur

Why success always starts with failure

Learning how to be objective and realistic

The impact of Business on family life

And surprising strategies for success

Whilst I also work as an Entrepreneur in Residence at London South Bank University and the London School of Economics, my day-to-day responsibility is as CEO at Venture Simulations.

This UK company supplies SimVenture products to many universities like York St John as well as hundreds of clients in over 40 countries.

You can also learn more about my work by visiting the Blog – the Hitchhiker’s Guide to Entrepreneurship.

But let’s get going with the podcast

My name’s Peter Harrington

And I really hope what I share with you, gets you thinking.

Throughout this podcast you’ll find that I recommend books to read or listen to.

None of the books I suggest you consider are common academic reference texts.

The books I suggest you read have typically been recommended to me by other entrepreneurs.

But why are books so important? Surely reference books are only for education so you can get your qualification.

Well, after I finished my degree I thought I knew a lot.

But starting a business taught me I knew very little.

And as a result, it taught me the importance and value of curiosity.

Curiosity is a critical skill for entrepreneurs.

I don’t just mean shallow diversive curiosity. I’m talking about epistemic curiosity.

Epistemic curiosity is about wanting to really know about stuff.

And if you are curious, you’ll hang in with me until the end of this podcast when I’ll explain the importance and value of curiosity a bit more.

And I’ll also share what I think are the other qualities required to succeed as an entrepreneur.

But for now, let’s examine why success starts with failure.

One of the books that I want to share with you is written by the highly successful author, broadcaster and presenter, Tim Harford.

Tim wrote the brilliant book called...

Adapt. Why success always starts with failure.

Everything in it is true. Success does start with failure.

So what does this mean for entrepreneurs?

Well, when you start a business for the first time you have a head full of assumptions.

No, that's not right. When you start a business for the first time you have a head full of false assumptions.

Unfortunately, because you don't know what you don't know, you just don't realise what those false assumptions are.

Let me shed some insight...

Here are four examples of false assumptions many first-time entrepreneurs have:

- You believe your phone will ring and people will beat a path to your door
- You believe people will respond to your stunning social media messages and other promotions
- You believe there will be sustainable demand for your products and services
- You believe you will get paid at the end of the month

Sadly, in most cases these are all false assumptions.

To put these assumptions in context let me take you back to 1989.

And let me invite you into my shed-like office that became my business home 5 days after the graduation ceremony in the fabulous York Minster.

My first business (a research and marketing agency) had an office that cost me £17 a month.

It was about the size and standard of a single garage.

The second-hand table and chair I bought cost me 50 quid.

Within a week I'd bought a £36 carpet and carried it on my shoulder nearly a mile from the shop in York's city centre.

And I paid £88 to get my landline phone connected. Remember, these are pre-internet days and mobile phones like we know them today were just a dream.

I also bought a computer and printer. All that hardware came to £1,000

But here's the rub.

In my first two months my sales totalled a depressing £73.00

My 2-month old business plan was in tatters and in the bin. And I nearly threw the phone in with it since that didn't appear to work – well no one called me.

My financial headache meant I couldn't afford to pay myself in my first two months.

Harsh, harsh realities hit home hard.

Copyright Peter Harrington – April 2020

I had to learn and act fast to avoid early failure. That meant getting out of the building, talking to people, finding clients, writing proposals and hopefully winning paid work.

STOP

It took 2 years being paid only £200 a month before the green shoots of that first business began to appear.

To put that in context, of the £200 I paid myself, £170 was needed to pay rent and household bills.

And this brings me onto the next point: being objective and realistic.

Entrepreneurs are typically optimists. Of course they are. People go into business to make change happen.

If you don't back yourself to make that change happen, what chance do you have?

The problem is that entrepreneurs can be over optimistic. I've suffered from this mindset over the years.

Running a business requires you to make hundreds of decisions each day. But decisions based on hope and guesswork typically let you down.

It's like buying a lottery ticket.

People who are successful in business make informed decisions. Just like SimVenture, informed decisions are much more likely to lead to success.

Many startups write business plans and cashflow forecasts without doing meaningful customer research.

As a result, their plans are based on guesswork.

Critically, just like my first venture people new to business overestimate the value and volume of what they will sell because they are overly optimistic rather than being realistic and objective.

To fully understand this mindset you have to fail first in order to learn how to succeed. And this is one of the reasons I believe in the power and value of business simulation technology.

Whatever your future holds, I can't stress the importance and value enough of doing customer research so you can make informed decisions and thus be objective and realistic.

When you know what your customers want, how much they will pay, how they want to buy and most critically of all why they want to buy from you, then you will create demand for your products or services.

And when you create demand, salaries will get paid at the end of the month.

Of course, if you prefer the value of lazy guesswork, you'll discover the hard way that it's all just a big waste of time.

Before starting the next topic, there's a book I must share with you. If you want to know how to create a customer focused business right from the start so you can remain objective and realistic, buy Diana Kander's 'All in Startup'.

Written as a novel all about a Las Vegas Poker competition, I cannot recommend this text highly enough. For reference, Kander is spelt K A N D E R.

But let's progress this journey and consider the next issue – how business affects family life.

There are 2 important things to share. Time and Money.

Wendy and I met in York and married in 1997.

We now have 2 kids.

Growing companies over the last 20 years has impacted on the amount of time I've spent with family.

International travel has been a common feature in my work life.

As hard as it is for me to share the following story, this is the best example I can offer as to how family and business lives can collide.

In the hot August of 1999 Jack came into our world.

But Jack was born 10 weeks early and weighed little more than a bag of sugar.

Premature birth brought many pressures and every night after work I'd drive from the office to York hospital to be with Wendy - and of course Jack who was wired up in his incubator.

Thanks to all the wonderful nurses and doctors at the Special Care Baby Unit, Jack made it through and after 7 weeks in Special Care was allowed home.

But shortly after we settled in as a 3 I was offered an opportunity to lead on a lucrative contract abroad. The business needed the money but it meant I would be away from home Monday to Friday.

Wendy was with Jack but a premature baby requires round the clock love and attention, which is exhausting.

Looking back, the decision at the time to work seemed right. But to be honest, I got it wrong.

wHaving looked at time, let's move onto money.

As a family, we have a lovely house, take nice holidays and have the freedom to make the most of our lives.

But back in 1997 when Wendy and I were buying our first house together, my bank refused me a mortgage because I was considered to be too high risk.

Banks are risk averse and are far happier lending to people with a clear financial track record, which typically means people who work within a company – rather than people running them.

You see, the first business I started and the first people I hired were in my mind always more important than me.

As such, in order to grow that company and protect cashflow, it took many years before I paid myself a proper salary.

Another impact is the fact that over the years my businesses have suffered from burglary, fire, flood and of course a pandemic.

When the worst happens in a business, financial reins have to be applied quickly. And this often means reducing director salaries and/or stopping shareholder dividends.

Whatever the reason, when you're taking a personal cut in income the financial loss impacts your family life.

You may be thinking that starting and growing a business sounds like too much work, responsibility and hassle.

Entrepreneurship is a continuous challenge, but I also know many people who have jobs they hate and have no prospect of getting out of.

Self-employment gives you freedom and at some point in your career you are almost certainly going to be a freelancer or contractor.

And this takes me onto the next point – surprising strategies for success.

Starting and growing a business helps you to find out who you are and discover your purpose in life.

And whilst we here, the purpose of running a business is not to make money.

Making money is a result – and if you want to understand more about this point, check out the brilliant mind of Simon Sinek.

Google Simon Sinek, that's S I M O N S I N E K and while you are doing it look for his Golden Circles.

Simon has taught me a lot and he will save you time too with his wonderful insight on the world of work.

Running a business has also taught me why I am here on planet earth.

Through working with thousands of people I've discovered that my purpose is to develop the talent other people have.

Simply put, it's what I enjoy doing.

So a successful strategy is finding out who you are and what really matters to you and aligning that with your work.

And as you will have hopefully discovered whilst listening to this podcast, success is about learning through failure and it's also about giving first.

Hopefully the examples I've shared about the value of giving have helped to illustrate the stupidity of self-importance.

Entrepreneurs who want to be the centre of attention, who make out they are perfect may have financial riches and perceived status.

But in my opinion, the greatest twenty first century currency of all is the quality of the relationships you have with other people.

And if you want to understand this subject in more detail, I suggest you read Give and Take by the bestselling author Adam Grant. It will blow your mind.

So, this takes to the last point that I've been asked to cover in this podcast.

What are the personal qualities required to succeed as an entrepreneur.

Firstly, be curious.

Ask questions, go and find things out.

Get out and look for problems that need solutions. And when you come across a problem, make a note of it because the solution may be your big entrepreneurial opportunity.

But when you discover a problem, make sure you resist the urge to create a solution. Be more curious and dig and dig deeper – this is epistemic curiosity.

Curiosity and research go hand in hand and as you gather knowledge, so you will develop expertise and your exploration will lead you to interesting and likeminded people.

It's really important to grow your network of people. Especially people who are different to you.

Another quality that goes hand in hand with curiosity is hard work.

But when you like what you are doing, hard work stops being hard work and starts being work.
And when you start enjoying work you are not working, you are having fun.

And if you can have fun working for yourself, you are onto something rich and special.

My final point about qualities links back to this terrible virus.

Or rather a silver lining that this pandemic has brought.

For me, whilst we are apart because of lockdown, there are so many examples of people doing great things by working together and collaborating.

Just look at the people clapping for the NHS.

Unity and collaboration are powerful forces.

And to solve many of the world's current problems, we need entrepreneurial souls to collaborate through purposeful social enterprises.

I hope you can find your own entrepreneurial purpose. And when you do, you'll be amazed at your ability and energy to make change happen.

My name's Peter Harrington

Go well.

Stay Safe

Thank you.