WHAT DOES IT TAKE TO BE AN ENTREPRENEUR?

Launching your own enterprise is the stuff of capitalist dreams, with multitudes attempting it every day. Not all companies take off, but these eight Chicago GSB alumni are among top business professionals who can call themselves successful entrepreneurs. In their own words, here are the secrets to their success. By Patricia Houlihan

Collin Anderson, ’96
Founder of Digital Innovations, president of Neurons Technology International. Chicago Neurons Technology (neurotechnology.com) is the world’s first open-source portable media device manufacturer.

“As an entrepreneur, you will face rejection and failure almost daily. More than anything you will need a ‘just get it done’ mindset. If it doesn’t work one way, find another. If you find it embarrassing or beneath you to go it alone. Your chances of success will multiply with a committed partner with complementary skills. You don’t have to like each other every day, but you are doomed without trust. If forced to choose, take brains and passion over experience.

“Don’t forget about cash. Like oxygen, you will die without it.

“Business isn’t one big, complicated problem. It’s thousands of small problems. Understand the fundamentals, then let common sense and creativity take over.

“My favorite definition of entrepreneurship is ‘the art of manipulating resources outside one’s direct control.’ Your time is limited and you can’t be good at everything. Network like hell and find ways to get help from people who know more than you do. Equity, reciprocity (or karma), and the promise of involvement with something special are three important tools for accomplishing this.

“Understand leverage. Be fair, but always look for ways to make yourself stronger in a strong position and less weak in a weak position.”

Gary Conkright, ’82
Former CEO of SmartSignal, CEO of InformMed, Dunlap, Illinois

InformMed is a medication safety company that develops and markets solutions to health care providers to improve patient safety and outcomes for medications administered at the point of care.

“I often joke that it takes a defective ‘risk assessment’ gene to become an entrepreneur! Absent that, there are a few traits that many of the successful entrepreneurs I have known possess. First, the innate ability to not only conceive of a new solution, but also to visualize how it could address an unmet need in ways that others have overlooked or cannot see. Second, the ability to passionately articulate that vision to stakeholders, investors, partners, and early adopters. Third, the ability in a way that allows them to ‘buy in.’ Third, the perspective and humility to recognize the critical skills and experiences that you do not have, and the ability to recruit team members who do have them. And lastly, the ability to transfer your passion to fellow team members, and the willingness to allow them to ‘run with it’ without meddling.

“Solicit the opinions of others you trust, but listen to your gut. There are plenty of pundits who can tell you why your idea will not work or why your strategy is flawed. When I have failed to listen to my gut, I have regretted it.”

David Ellenberger, ’83
CEO, 170 Systems, Bedford, Massachusetts

170 Systems (170systems.com) is a software products and services supplier that develops business-to-business solutions to optimize and manage financial processes for large organizations.

“At the heart of any successful new business is a great idea involving a unique product or service. It then takes tremendous commitment to turn that idea into reality. You are selling yourself as well as your vision, and there are bound to be some setbacks. Successful entrepreneurs remain focused and optimistic.

“It is often an advantage to have spent some time working in your target field, learning the ropes and developing contacts, before you start a business. You can then decide how much risk you are willing to tolerate, and whether you are ready to strike out on your own.

“First, be willing to take reasonable risks. You have to be willing to put skin in the game, whether it is seed capital or sweat equity (also known as working for free) or both, with no guarantee that it will pay off. But there’s also another kind of risk, which is doing whatever it takes to deliver for your clients. Sometimes you and your team have to stretch.

“Second, don’t be afraid to improvise. You need a plan, but once the first shot is fired, you have to be willing to improvise to achieve your goals. The improvisation can occur on many dimensions: funding, resourcing, staffing, commercial arrangements, delivery models, even altering the core offering in ways that sense the right direction to take for success. It doesn’t mean losing sight of the ultimate vision, but improvising to fulfill it with the appropriate balance of focus, creativity, and discipline.

“Third, be growth-focused, but make sure it’s smart growth. Before you invest a lot in overhead and infrastructure, invest in client relationships, in selling and delivering great work and great client results. Focus on those things first and the other growth—staff, revenue, profits, and so on—will follow naturally. At least you hope so.”

Joel Krauss, ’74
Former partner and founder of Omnitex, founder and partner of Market Strategy Group, LLC, Chicago


“My experience starting up three consulting firms over the past 20 years has taught me—sometimes the hard way—that succeeding as an entrepreneur has three main requirements.

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Louise O’Sullivan, ’80
President, Prime Advantage, Chicago
Prime Advantage (primeadvantage.com) is a global manufacturers’ buying consortium that leverages the buying power of more than 275 original equipment manufacturers and total cost reduction programs from suppliers of raw materials (metals and plastics), components, services, and supplies.

“The first requirement to be a ‘start-a-business-from-scratch’ entrepreneur is to have a bedroom drawer full of pajamas—because you’ll have to change them so many times during the night from the sweat! Seriously, being an entrepreneur takes a strong vision of the value your business will bring to your future customers and an equally
strong ability to communicate both vision and value to your customers, employees, and investors. Starting a business at age 51, after being a corporate ‘hired gun’ for so many years, required me to tap into a network of contacts developed over a lifetime, clearly proving the wisdom of the old axiom: never burn a bridge.

“I have three pieces of advice to those starting up a service business in the manufacturing arena. First, your confidence in and your passion for your new business should radiate from every pore. Second, your reputation and that of your associates should be pristine. It is all you will have going for you in today’s skeptical world. Finally, never let anyone tell you, ‘This will never work.’”

John Rutledge, ’94
Founder, chairman, president, and CEO of Oxford Capital Group, Chicago
Oxford Capital Group (oxford-capital.com) is a real estate and private equity investment firm and holding company.

“You can learn a lot through acute observation of history and people. I have made a habit of studying successful entrepreneurial capitalists throughout history—Vanderbilt, Rockefeller, Carnegie, Field, Ford, and Gates come to mind. Clearly, good old-fashioned ‘will’ frequently differentiates those who ‘break through.’ They have the personal resilience and perseverance to overcome the inevitable repeated setbacks and obstacles, a deep desire for personal independence and autonomy, a feeling that they can exert influence on important outcomes in their lives, and a strong desire to control those outcomes. It is important to possess a ‘glass half full’ view of the world. You should see obstacles as things to be creatively navigated around, not as impenetrable barriers. It helps to enjoy the thrill of competition and attacking insurmountable odds. It also helps to have a willingness to live with a less conventional career path and a strong desire for self-generated financial independence. I always knew that is where I wanted to be.”

“Apprentice yourself to someone who resembles the person you hope to become, but not for too long. It’s generally much easier to be an entrepreneur in your 20s and 30s than later in life when people get more set in their ways and probably more risk averse.

“Talk to people who are successful; plenty will be willing to act as sounding boards and provide advice. For many entrepreneurs, the way to get going is to ‘just do it.’ Step out yourself and start doing smaller transactions, then scale them up as you gain more traction, confidence, and credibility.”

Keith Candell, ’88
Managing director and cofounder of ARCH Venture Partners
ARCH Venture Partners (archventures.com) is a national seed and early-stage venture capital partnership that specializes in forming companies from leading academic and corporate research. “My partners and I have tried to work very hard, stay focused, and make decisions for the long term. Success has happened for us, although I know many people who have worked hard, been focused, and have not experienced quite as much success. My time at the GSB was particularly important because I met my partners there. Our relationship was built around an effort to commercialize technology from the University of Chicago and Argonne National Laboratory. “As a new student in 1986, I met Steve Lazarus who was—and is—one of the most impressive people I’ve had the opportunity to work with. Steve was interested in Big Challenges. He was also a delegator and that left plenty of work for the rest of us. "Bob Nelsen, ’87, was 22 when he came to the GSB, but looked 14. He had a gift for working with top academics and extracting the best life science startups in the world. Clint Bybee, ’90, brought the best engineer’s inspiration, cool assessment capability, and wise counsel to the ventures we developed. Clint often made the board and operating contributions that were the difference between near disaster and success. “I mention these individuals because describing the tactical particulars of my situation is probably less helpful than trying to describe the quality of people I worked with and learned from. What made ARCH Venture Partners a success was a combination of a big challenge, a willingness to make sacrifices and commit ourselves 24/7 to accomplish the mission, and maintaining relationships as we found our way. I also received help from my wife, Susan Davis, ’88, who left her finance career to raise our family and has had the often thankless task of talking sense to me when I was obsessed with our mission and didn’t quite know when to listen or quit.”

Have You Got What It Takes?

When Chicago GSB asked Susan Hapak, ’89, adjunct associate professor of entrepreneurship, what makes a successful entrepreneur, she offered her own take on the assignment and produced this quiz. Answer the questions below and use the scoring key to determine your entrepreneurship aptitude.

1. You and your boss are meeting with an important potential customer. Unfortunately your boss is rambling off track and the prospect is yawning. Do you:
   a. Quiet your boss—your boss doesn’t like to be interrupted?
   b. Nudge your boss under the table, then graciously steer the conversation to the customer?
   c. Interrupt your boss, turn to the customer and ask if he or she thinks the product would be useful? After all, sales are the goal.

2. Your stay at the Four Seasons is being paid for by your company/client and your boss is rambling off track, late and frequently interrupted with personal calls. Do you:
   a. Get annoyed and refuse to contribute until everyone does their share?
   b. Polish up your resume and start networking?
   c. Get in the taxi and leave?

3. You are on a group project at work, unfortunately one teammate is constantly late and frequently interrupted with personal calls. Do you:
   a. Pull on your parka and schlep through snow to stock up on a liter of Diet Coke, a can of cashews, and a king-sized Snickers for $4.99?
   b. Indulge in the $30 jar of cashews and a $5 Diet Coke?
   c. Consume the contents of the entire minibar and order room service to boot? No one will notice and besides, why not stick it to the man?

4. Your company has fallen on tough times—intense competition, prices in a death spiral, and delays in new product development. Do you:
   a. Get annoyed and refuse to contribute until everyone does their share?
   b. Split up the work so that each teammate is accountable for specific deliverables? Now the boss can assess individual and team performance.
   c. Inquire if your teammate is in a stressful situation and coddle him or her? Someday you can call in a favor.

5. Your company has fallen on tough times—intense competition, prices in a death spiral, and delays in new product development. Do you:
   a. Identify your weakest coworkers and surreptitiously set traps for their mistakes?
   b. Polish up your resume and start networking?
   c. Stay the course, since the company is full of good people and its luck is bound to change?
   d. Hunker down, accept pay cuts, scour for savings, look for new markets, and help get new products over the goal line?