



FPO

3

Developing an Entrepreneurial Mindset



“I stand upon my desk to remind myself that we must constantly look at things in a different way.”

John Keating, lead character in the 1989 film *Dead Poets Society* (played by actor Robin Williams).

Learning Objectives

- 3.1** Appraise the effectiveness of mindset in entrepreneurship.
- 3.2** Define “mindset” and explain its importance to entrepreneurs.
- 3.3** Explain how to develop the habit of self-leadership.
- 3.4** Explain how to develop the habit of creativity.
- 3.5** Explain how to develop the habit of improvisation.
- 3.6** Relate the mindset for entrepreneurship to entrepreneurial action.

Chapter Outline

- 3.1** The Power of Mindset
- 3.2** What Is Mindset?
- 3.3** The Self-leadership Habit
- 3.4** The Creativity Habit
- 3.5** The Improvisation Habit
- 3.6** The Mindset as a Pathway to Action

3.1 THE POWER OF MINDSET

» LO 3.1 Appraise the effectiveness of mindset in entrepreneurship.

In Chapter 2, we learned about the practice of entrepreneurship. Part of the practice is being in the right mindset to start and grow a business. In this chapter’s *Entrepreneurship in Action* feature, we describe how Robert Donat combined his knowledge from working in two diverse areas—the Army and hedge funds—to create a new hardware/software fleet tracking solution. Donat states that he owes his success to his previous work experience, and the technical and business knowledge he gained during that time.

Of course, knowledge is extremely important, but what made Donat take that knowledge and apply it so successfully to the GPS world? What motivated him to start his own business? We could say that Donat had the right mindset to start a business. He wasn’t quite sure what he wanted to do, but he had an open mind, which made him curious about potential opportunities in the tracking solution industry. Thanks to experience, he had the confidence to take action by knocking on doors and gaining support for this idea. He also believed enough to persist with his idea even in the face of high financial risk. It was Donat’s mindset that kept him on the right track and ultimately led to GPS Insight’s success.

The words to “Rise and Shine” in Figure 3.1 have been transcribed from an athletic and running motivation video on YouTube. It is a good description of how our mindset operates. When we wake up in the morning, we have a choice between the “easy” way and the “right” way. Depending on our mindset, we will choose one path or the other.

Robert Donat, Founder & CEO, GPS Insight

Robert Donat stumbled upon his “big idea” somewhat unexpectedly. Following a stint in the Army and a long career in hedge funds, he was looking for a new job after his family relocated to Scottsdale, Arizona. A friend made an introduction, and soon Donat was applying the skills he’d learned as an artillery officer to help a local trucking business find the ideal fleet tracking product. After looking at five systems that were on the market at the time, he decided he could do it better.

Just ten years after that fortuitous 2004 decision, the hardware/software fleet tracking solution that Donat built from that one-time gig is a leader in its space. The company, GPS Insight, has placed on *Inc. Magazine’s* “5,000” list of the fastest growing companies in America every year since 2009, and has been showered with awards including the TechAmerica Terman, the Deloitte Fast 500, and the Global 100. By 2014 GPS Insight was not only completely debt free, but also on track to achieve \$100 million in cumulative revenue.

Yet the road hasn’t been easy, and Donat still considers his venture a startup. “Every sale has to be earned from knocking on a (virtual) door or meeting at a conference, and our sales cycle ranges from 90 days (typical) to two years,” he says. It took some creativity (and serious faith in the idea) to build out and pay for the infrastructure he needed. He sold a company he was part owner of, took out \$150,000 in bank loans, and secured an additional \$200,000 from an outside investor. The company did not become profitable until it had approached \$2 million in cumulative losses. Donat explains, “We were creative about doing the most with as little as possible, and entered many obscenely expensive (18–22%) leases purchasing computer hardware since it was the only way to get money. We even leased three copiers at double their cost over five years in order to get a \$30,000 ‘rebate’ up front which helped us make payroll in year three.”

Yet within 18 months of becoming profitable, the company was able to pay back the money borrowed, and then some. “There was no formal business plan,” Donat adds. “I just saw the potential for growth and knew that if I threw resources at the

company’s growth, it would pay off given the high return on investment to customers and the recurring revenue model which ultimately became very lucrative.”

Robert Donat holds a bachelor’s degree in finance, plus two master’s degrees: one in finance and one in computer science. For the Army, he went through officer’s school—twice. He honed his real-world business skills working for companies like the Citadel Investment Group LLC as manager of database technology. Cumulatively, he believes his robust résumé and knowledge base have been key to his success. To budding entrepreneurs, his advice is: “Wait until you have some solid skills and experience in paid positions for others before thinking you can do something on your own with a high likelihood of success. I learned a number of very costly technical *and* business lessons when working for other companies either as an employee or a contractor. Only after roughly six years of experience did I start consulting, and after four years of consulting, I was ready to start my own company. Any earlier than that and I wouldn’t have had the experience, maturity, business and technical knowledge, or savings, to make this company work.”

CRITICAL THINKING QUESTIONS

1. **In what ways do you see mindset, or mental attitude, playing a role in Robert Donat’s success?**
2. **If you had been at the helm of GPS Insight when it was approaching \$2 million in cumulative losses, would you have decided to continue in business? What information would you have needed to know in order to decide one way or the other?**
3. **Do you agree that a budding entrepreneur should wait and accumulate experience working for others before starting an entrepreneurial venture? Why or why not? ●**

Source: R. Donat, personal interview, Oct 5, 2014.

FIGURE 3.1

Rise and Shine



It's six am and your hand can't make it to the alarm clock fast enough before the voices in your head start telling you that it's too early, too cold, and too dark to get out of bed. Aching muscles lie still in rebellion pretending not to hear your brain commanding them to move. A legion of voices are shouting their permission for you to hit the snooze button and go back to dream land. But you didn't ask their opinion. The one voice you're listening to is a voice of defiance. The voice that says there's a reason you set that alarm in the first place. So sit up, put your feet on the floor and don't look back, because we've got work to do. Welcome to the grind.

For what's each day but a series of conflicts between what is the right way and the easy way. Ten thousand streams fan out like a river delta before you, each promising a path of least resistance. Thing is you're headed up stream, and when you make that choice and decide to turn your back on what is comfortable and safe and what some would call common sense, well that's day one. From there it only gets tougher. So make sure this is something you want, because the easy way will always be there. Ready to wash you away. All you have to do is pick up your feet.

But you aren't going to, are you? With each step comes the decision to take another. You're on your way now, but this is no time to dwell on how far you've come. You're in a fight with an opponent you can't see, oh but you can feel him on your heels can't you, feel him breathing down your neck. You know what that is, that's you, your fears your doubts your insecurities - all lined up like a firing squad ready to shoot you out of the sky. But don't lose heart, because while they're

not easily defeated they are far from invincible. Remember this is the grind the battle royal between you and your mind, your body and the devil on your shoulder telling you this is a game, this is a waste of time, your opponents are stronger than you. Drown out the voices of uncertainty with the sound of your own heartbeat. Burn away your self-doubt with a fire lit beneath you. Remember what we're fighting for and never forget that momentum is a cruel mistress. She can turn on a dime with the smallest mistake. And she is ever searching for the weakness in your armor, that one tiny thing you forgot to prepare for. So as long as the devil is in the details, the question remains is that all you got? Are you sure?

When the answer is yes, and you've done all you can to prepare yourself for battle, then it's time to go forth and boldly face your enemy - the enemy within.

Only now you must take that fight in the open, into hostile territory. You're a lion in a field of lions all facing the same elusive prey, with a desperate starvation that says victory is the only thing that can keep you alive. So believe that voice that says you can, you can run a little faster you can throw a little harder and for you the laws of physics are merely a suggestion.

Luck is the last dying wish of those who believe winning can happen by accident, sweat is for those who know it's a choice. So decide now, because destiny waits for no man. So when your time comes and a thousand different voices are trying to tell you you're not ready for it, listen to that one lone voice of decent that says you are ready, you are prepared, it's all up to you now.

So rise and shine.

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3.2 WHAT IS MINDSET?

>> LO 3.2 Define “mindset” and explain its importance to entrepreneurs.

We have been using the term *mindset* since Chapter 1, so perhaps it is time we stopped to examine what it actually means. It has traditionally been defined as “the established set of attitudes held by someone”.¹ Yet, research has shown that our mindset needn’t be “set” at all. Stanford University psychologist Carol Dweck proposes that there are two different types of mindset: a fixed mindset and a growth mindset (see Figure 3.2).²

Fixed mindset: the assumption held by people who perceive their talents and abilities as set traits.

In a **fixed mindset**, people perceive their talents and abilities as set traits. They believe that brains and talent alone are enough for success and go through life with the goal of looking smart all the time. They take any constructive criticism of their capabilities very personally, and tend to attribute others’ success to luck (see *Research at Work* for a study about luck) or some sort of unfair advantage. People with a fixed mindset will tell themselves they are no good at something to avoid challenge, failure, or looking dumb.

Growth mindset: the assumption held by people who believe that their abilities can be developed through dedication, effort, and hard work.

On the other hand, in a **growth mindset**, people believe that their abilities can be developed through dedication, effort, and hard work. They do not think brains and talent are the key to lifelong success, but merely the starting point. People with a growth mindset are eager to enhance their qualities through lifelong learning, training, and practice. Unlike people with fixed mindsets, they see failure as an opportunity to improve their performance, and to learn from their mistakes. Despite setbacks, they tend to persevere rather than giving up.

Recent studies have found that overly praising or being praised simply for our intelligence can create a fixed mindset. For example, using a series of puzzle tests, Dweck discovered that 5th-grade children who were praised for their hard work and effort on the first test were far more likely to choose the more difficult puzzle next time

FIGURE 3.2

What Kind of Mindset Do You Have?



I can learn anything I want to.
 When I’m frustrated, I persevere.
 I want to challenge myself.
 When I fail, I learn.
 Tell me I try hard.
 If you succeed, I’m inspired.
 My effort and attitude determine everything.



I’m either good at it, or I’m not.
 When I’m frustrated, I give up.
 I don’t like to be challenged.
 When I fail, I’m no good.
 Tell me I’m smart.
 If you succeed, I feel threatened.
 My abilities determine everything.

RESEARCH AT WORK

Study on Luck³

In the early 1990s, British psychologist and researcher Richard Wiseman carried out an experiment on luck to determine what defines a lucky or unlucky person. Over several years, using advertisements in newspapers and magazines, Wiseman sought out people who felt consistently lucky or unlucky. He interviewed them and identified 400 volunteers whom he asked to participate in the following experiment.

The 400 participants were divided into two groups: those who considered themselves lucky, and those who considered themselves unlucky. Both groups were given a newspaper and asked to count how many photographs in contained.

It took approximately 2 minutes, on average, for the unlucky people to count all the photos, but it only took a few seconds for the lucky people. Why? Because the lucky people had spotted a large message occupying more than half of the newspaper's second page that stated: "Stop counting. There are 43 photographs in this newspaper." The unlucky people had missed this chance opportunity because they were too focused what they thought they were *supposed* to look for.

Wiseman concluded that unlucky people tend to miss opportunities because they are too focused on something else; whereas lucky people tend to be more open to recognizing chance opportunities.

Wiseman's overall findings have revealed that "although unlucky people have almost no insight into the real causes of their good and bad luck, their thoughts and behaviors are responsible for much of their fortune" (or misfortune).

CRITICAL THINKING QUESTIONS

- 1. Choose someone you consider highly successful and assess the story of his or her success. In what ways does the success story show good luck and/or bad luck?**
- 2. Do you consider yourself a particularly lucky or unlucky person? Or do you fall somewhere in the middle? Give some reasons to support your answer.**
- 3. Can you think of a chance opportunity that came your way because you were open to it? How might you make yourself more open to "lucky" opportunities in the future? ●**

Sources

- Wiseman, R. 2003. January 9. Be lucky - it's an easy skill to learn. *The Telegraph*. Retrieved from <http://www.telegraph.co.uk/technology/3304496/Be-lucky-its-an-easy-skill-to-learn.html>
- Wiseman, R. 2003. *The luck factor: The four essential principles*. New York, NY: Hyperion.

round. In contrast, children who were praised for being smart or intelligent after the first test chose the easy test the second time around.

It seems that the children who had been praised for being smart wanted to keep their reputation for being smart and tended to avoid any challenge that would jeopardize this belief. Yet the children who had been praised for how hard they had worked on the first test had more confidence in their abilities to tackle a more challenging test, and to learn from whatever mistakes they might make.⁴

Dweck observes the growth mindset in successful athletes, business people, writers, musicians; in fact, anyone who commits to a goal and puts in the hard work and practice to attain it. She believes that people with growth mindsets tend to be more successful and happier than those with fixed mindsets.

Although many of us tend to exhibit one mindset or the other, it is important to recognize that mindsets can be changed. Even if your mindset is a fixed one, it is possible to learn a growth mindset and thereby boost your chances for happiness and success. How can you do this? By becoming aware of that "voice" in your head that questions your ability to take on a new challenge, by recognizing that you have a choice in how you interpret what that voice is telling you, by responding to that voice, and by taking action.

For example, say you want to start a new business but you're a little unsure of your accounting skills. Following are some messages you might hear from the "voice" in your head and some responses you might make based on a growth mindset.

- FIXED MINDSET: *"Why do you want to start up a business? You need accounting skills. You were always terrible at math at school. Are you sure you can do it?"*⁵
- GROWTH MINDSET: ***"I might not be any good at accounting at first, but I think I can learn to be good at it if I commit to it and put in the time and effort."***
- FIXED MINDSET: *"If you fail, people will laugh at you."*
- GROWTH MINDSET: ***"Give me the name of one successful person who never experienced failure at one time or another."***
- FIXED MINDSET: *"Do yourself a favor; forget the idea and hang on to your dignity."*
- GROWTH MINDSET: ***"If I don't try, I'll fail anyway. Where's the dignity in that?"***

Next, suppose that you start an accounting course but you score very low marks on your first exam. Once again, you're likely to hear messages from the "voice" in your head and respond to them as follows.

- FIXED MINDSET: *"Dude! This wouldn't have happened if you were actually good at accounting in the first place. Time to throw in the towel."*
- GROWTH MINDSET: ***"Not so fast . Look at Richard Branson and Sean Parker—they suffered lots of setbacks along the way, yet they still persevered."***

Now suppose that a friend who hears about your low exam score makes a joke about your performance.

- FIXED MINDSET: *"Why am I being criticized for doing badly in the accounting exam? It's not my fault. I'm just not cut out for accounting, that's all."*
- GROWTH MINDSET: ***"I can own this mistake and learn from it. I need to do more practicing and next time, I will do better."***

If you listen to the fixed mindset voice, the chances are you will never persevere with the accounting process. If you pay attention to the growth mindset voice instead, the likelihood is that you will pick yourself up, dust yourself off, start practicing again, and put the effort in before the next exam.

Over time, the voice you listen to most becomes your choice. The decisions you make are now in your hands. By practicing listening and responding to each of these voices, you can build your willingness to take on new challenges, learn from your mistakes, accept criticism, and take action.

As we have explored, our mindset is not dependent on luck, nor is it fixed: We each have the capability to adjust our mindset to recognize and seize opportunities, and take action even under the most unlikely or uncertain circumstances as long as we work hard and practice. This is why the mindset is essential to entrepreneurship.

The Mindset for Entrepreneurship

The growth mindset is essential to a mindset for entrepreneurship. In Chapter 2, we discussed the practice of entrepreneurship and how it requires a specific mindset so that entrepreneurs have the ability to alter their ways of thinking in order to see the endless possibilities in the world. While there is no one clear definition of mindset and how it relates to entrepreneurs, we believe the most accurate meaning of an **entrepreneurial mindset** is the ability to quickly sense, take action, and get organized under uncertain conditions.⁶ This also includes the ability to persevere, accept and learn from failure, and get comfortable with a certain level of discomfort!

Entrepreneurial mindset: the ability to quickly sense, take action, and get organized under uncertain conditions.

Many successful entrepreneurs appear to be very smart—but rather than being born with high intelligence, it is often the way they use their intelligence that counts. Cognitive strategies are the ways in which people solve problems such as reasoning, analyzing, experimenting and so forth. The entrepreneurial mindset involves employing numerous cognitive strategies to identify opportunities, consider alternative options, and take action. Because working in uncertain environments “goes with the territory” in entrepreneurship, the entrepreneurial mindset requires constant thinking and rethinking, adaptability, and self-regulation—the capacity to control our emotions and impulses.

In Chapter 2 we touched upon the concept of metacognition, which is the way in which we understand our own performance or the process of “thinking about thinking” (see Figure 3.3). For example, say you are reading through a complex legal document; you might notice that you don’t understand some of it. You might go back and re-read it, pause to think it through, note the elements that don’t make sense to you, and then either come back to it later or find a way to clarify the parts you don’t understand. In this example, you are using your metacognitive skills to monitor your own understanding of the text, rather than simply plowing through the document without having much comprehension at all.

FIGURE 3.3

Metacognition



What Does Your Mindset Say About You?

Visit a place that you are unfamiliar with. It can be a park, somewhere on campus you haven't explored, a neighborhood, a new restaurant – really just about anywhere, provided you are not already familiar with the place. Bring with you a paper notepad and pen or a portable computer.

For 10 minutes just look around and write down a description of what you observe. Make sure that when you write your observations, you use adjectives to describe what you see. For example, you may see a swing set in a park, but you need to describe that swing set. The swing set may be rusty, shiny, empty, broken, vibrant, or dull. A dog you see in the park may be big, cute, dirty, ugly, friendly, or hostile.

You must record your notes in writing and you must observe for 10 minutes.

After you've finished, sit down and look at the list of words you've written. Circle all words that have a positive connotation. Using the park example above, you would circle shiny, vibrant, cute, friendly. Now place a square around all words that have a negative

connotation. In our park example, this could be rusty, broken, dull, dirty, ugly, and hostile.

What's the point of all of this? Oftentimes what you see on the outside is a reflection of your mindset on the inside. If what you see in the world is predominantly negative, then your mindset for entrepreneurship needs to be further developed. If what you see in the world is more positive, it will be much easier for you to identify opportunities and make a difference.

CRITICAL THINKING QUESTIONS

- 1. In what ways did this 10-minute observation exercise confirm your existing assumptions and beliefs about your way of looking at the world? In what ways did it change them?**
- 2. Did you learn anything about yourself that was unexpected or surprising?**
- 3. Can you think of other ways in which 10 minutes of observing a scene or location could be productive? What else might a person learn from this activity? ●**

Entrepreneurs regularly engage in metacognitive processes to adapt to changing circumstances by thinking about alternative routes to take and choosing one or more strategies based on these options. Metacognitive awareness is part of the mindset; and it is not something that we are born with; it can be developed over time through continuous practice.

Passion and Entrepreneurship

Among many elements of the entrepreneurial mindset, one of the most talked about is the element of passion. The entrepreneurial mindset is about understanding yourself,

who you are, and how you view the world. It deeply connects to your *desired impact* (described in Chapter 2), which some people equate to passion. In the past, researchers tended to use passion as a reason to explain certain behaviors displayed by entrepreneurs that were thought to be unconventional, such as perceived high risk-taking, intense focus and commitment, and a dogged determination to fulfil a dream.⁷ Indeed, many well-known entrepreneurs such as Mark Zuckerberg (Facebook founder), Jeff Bezos (Amazon founder) and Pierre Omidyar (eBay founder) credit passion for their success.⁸



But what is passion, and is it really that important to entrepreneurial success? In the context of entrepreneurship, **passion** can be defined as an intense positive emotion which is usually related to entrepreneurs who are engaged in meaningful ventures, or tasks and activities, and which has the effect of motivating and stimulating entrepreneurs to overcome obstacles and remain focused on their goals.⁹ This type of passion is aroused by the pleasure of engaging in activities we enjoy. Studies have found that passion can also “enhance mental activity and provide meaning to everyday work,”¹⁰ as well as fostering “creativity and recognition of new patterns that are critical in opportunity exploration and exploitation in uncertain and risky environments.”¹¹

Passion has also been associated with a wide range of positive effects such as strength and courage, motivation, energy, drive, tenacity, strong initiative, resilience, love, pride, pleasure, enthusiasm and joy; all of which can occur as part of the entrepreneurship process.

While passion is not all that is needed to be successful, research has shown that positive feelings motivate entrepreneurs to persist and engage in tasks and activities in order to maintain those pleasurable emotions.¹²

However, there can also be a dysfunctional side to passion. As we explored in Chapter 2, it is possible to become blinded by passion and so obsessed by an idea, or new venture, that we fail to heed the warning signs or refuse to listen to negative information or feedback. This type of negative passion can actually curb business growth and limit the ability to creatively solve problems.

Passion: an intense positive emotion which is usually related to entrepreneurs who are engaged in meaningful entrepreneurial ventures, or tasks and activities, and which has the effect of motivating and stimulating entrepreneurs to overcome obstacles and remain focused on their goals.

Entrepreneurship as a Habit

So far, we have discussed the meaning of mindset, the different types, and the importance of passion and positive thinking for success. As we have learned, mindset is not a predisposed condition; any one of us can develop a positive mindset, but how do we do it?

The best way to get into a positive mindset is to learn through different habits. A **habit** is a sometimes unconscious pattern of behavior that is carried out often and regularly. Good habits can be learned through a “habit loop” – a process by which our brain decides whether or not a certain behavior should be stored and repeated. If we feel rewarded for our behavior, then we are more likely to continue doing it. For example, toothpaste companies instigate a habit loop in consumers by not just advertising the hygiene benefits of brushing teeth, but also the “tingling, clean feeling” we get afterwards – the reward. People are more likely to get into a toothbrushing habit loop as a result.¹³

In the sections that follow, we present three habits that need to be cultivated for an entrepreneurial mindset: self-leadership, creativity, and improvisation. As with all good habits, they require practice.

Habit: a sometimes unconscious pattern of behavior that is carried out often and regularly.



3.3 THE SELF-LEADERSHIP HABIT¹⁴

>> LO 3.3 Explain how to develop the habit of self-leadership.

In the context of entrepreneurship, **self-leadership** is a process whereby people can influence and control their own behavior, actions, and thinking to achieve

Self-leadership: a process whereby people can influence and control their own behavior, actions, and thinking to achieve the self-direction and self-motivation necessary to build their entrepreneurial business ventures.

Behavior focused strategies: methods to increase self-awareness and manage behaviors particularly when dealing with necessary but unpleasant tasks. These strategies include: self-observation, self-goal setting, self-reward, self-punishment, and self-cueing.

Self-observation: a process which raises our awareness of how, when, and why we behave the way we do in certain circumstances.

Self-goal setting: the process of setting individual goals for ourselves.

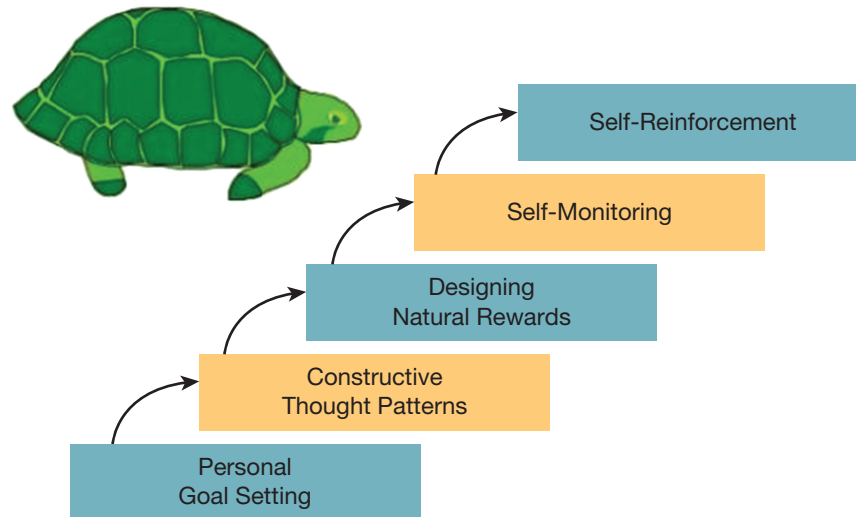
Self-reward: a process which involves compensating ourselves when we achieve our goals. These rewards can be tangible or intangible.

Self-punishment (or self-correcting feedback): a process that allows us to examine our own behaviors in a constructive way in order to reshape these behaviors.

Self-cueing: the process of prompting which acts as a reminder of desired goals, and keeps your attention on what you are trying to achieve.

FIGURE 3.4

Elements of Self-Leadership



the self-direction and self-motivation necessary to build their entrepreneurial business ventures. Entrepreneurship requires a deep understanding of self and an ability to motivate oneself to act. You cannot rely on someone else to manage you, get you up in the morning, or force you to get the work done. It can be lonely and oftentimes no one is around to give you feedback, reprimand you, or reward you! As a result, self-leadership is required and consists of three main strategies: behavior-focused strategies; natural reward strategies; and constructive thought pattern strategies.

Behavior-Focused Strategies

Behavior-focused strategies help to increase self-awareness to manage behaviors particularly when dealing with necessary but unpleasant tasks. These strategies include self-observation, self-goal setting, self-reward, self-punishment, and self-cueing (see Figure 3.4).

Self-observation raises our awareness of how, when, and why we behave the way we do in certain circumstances. For example, twice a day, you could stop and deliberately ask yourself questions about what you are accomplishing; what you are not accomplishing; what is standing in your way; and how you feel about what is happening. This is the first step towards addressing unhelpful or unproductive behaviors in order to devise ways of altering them to enhance performance.

There has been much study regarding the importance of setting goals as a means of enhancing performance. **Self-goal setting** is the process of setting individual goals for ourselves. This is especially effective when it is accompanied by **self-reward**—ways in which we compensate ourselves when we achieve our goals. These rewards can be tangible or intangible; for example, you might mentally congratulate yourself when you have achieved your goal (intangible); or you might go out for a celebratory meal or buy yourself a new pair of shoes (tangible) (see Figure 3.5). Setting rewards is a powerful way of motivating us to accomplish our goals.

Ideally, **self-punishment** or self-correcting feedback is a process that allows us to examine our own behaviors in a constructive way in order to reshape these

FIGURE 3.5

Intangible and Tangible Rewards



Natural reward strategies: types of compensation designed to make aspects of a task or activity more enjoyable by building in certain features, or by reshaping perceptions to focus on the most positive aspects of the task and the value it holds.

Constructive thought patterns: models to help us to form positive and productive ways of thinking that can benefit our performance.

behaviors. For example, if we make a mistake, we can assess why it happened and make a conscious effort not to repeat it. However, many of us have the tendency to beat ourselves up over perceived mistakes or failures; indeed, excessive self-punishment involving guilt and self-criticism can be very harmful to our performance.

Finally, we can use certain environmental cues as a way to establish constructive behaviors and reduce or eliminate destructive ones through the process of **self-cueing**. These cues might take the form of making lists, notes, or having motivational posters on your wall. They act as a reminder of your desired goals, and keep your attention on what you are trying to achieve.

Rewarding ourselves is a beneficial way to boost our spirits and keeping us committed to attaining our goals. **Natural reward strategies** endeavor to make aspects of a task or activity more enjoyable by building in certain features, or by reshaping perceptions to focus on the most positive aspects of the task and the value it holds. For example, if you are working on a particularly difficult or boring task, you could build in a break to listen to some music or take a short walk outside. In addition, rather than dreading the nature of the work, you could refocus on the benefits of what you are doing and how good it will feel when it is done.

Much of our behavior is influenced by the way we think, and the habit of thinking in a certain way is derived from our assumptions and beliefs. **Constructive thought patterns** help us to form positive and productive ways of thinking that can benefit our performance. Constructive thought patterns strategies include identifying destructive beliefs and assumptions and reframing those thoughts through practicing self-talk and mental imagery.



As we observed earlier in this chapter, we can use positive self-talk to change our mindset and thought patterns by engaging in dialogue with that irrational voice on our heads that tells us when we can't do something. Similarly, we can engage in mental imagery to imagine ourselves performing a certain task or activity. In fact, studies show that people who visualize themselves successfully performing an activity before it actually takes place are more likely to be successful at performing the task in reality.¹⁵

These behavioral self-leadership strategies are designed to bring about successful outcomes through positive behaviors, and suppress or eliminate those negative behaviors that lead to bad consequences. The concept of self-leadership has been related to many other areas such as optimism, happiness, consciousness, emotional intelligence, among others. We believe self-leadership to be an essential process for helping entrepreneurs build and grow their business ventures.

3.4 THE CREATIVITY HABIT

>> LO 3.4 Explain how to develop the habit of creativity

Creativity is a difficult concept to define mainly because it covers such a wide breadth of processes and people—from artists, to writers, to inventors, to entrepreneurs—all of whom could be described as creative. Yet creativity can be elusive, and sometimes we only spot it after it is presented to us. Take the classic inventions, for instance. Sometimes, we look at these inventions and wonder why on earth we hadn't thought of them ourselves. Post-it brand notes, paper clips, zippers, and Velcro—they all seem so obvious after the fact. But of course it is the simplest ideas that can change the world.

Because of its elusiveness, there is no concrete or agreed definition of creativity; however, we like to define **creativity** as the capacity to produce new ideas, insights, inventions, products or artistic objects, which are considered to be unique, useful, and of value to others.¹⁶ For example, Slavi Slavev and Kristina Tsvetanova, co-founders of Austria-based Blitab Technology, have received multiple awards for their creativity in building the world's first tablet for the visually impaired.¹⁷

Again, creativity is not something we are born with but a developed skill—creativity is creating in action. Studies have shown that people who are creative are open to experience, persistent, adaptable, original, motivated, self-reliant, and do not fear failure.

But what has creativity got to do with entrepreneurship? First, it has been proven that entrepreneurs are more creative than others. A study published in 2008 found that students enrolled in entrepreneurship programs scored higher in personal creativity than students from other programs.¹⁸ This tells us that while everyone has the capacity to be creative,

entrepreneurs score higher on creativity simply because they are practicing the creative process more regularly.

We opened this chapter with a quote from the movie *Dead Poets Society*, which was a huge hit in the late 1980s. It is a story about a maverick English teacher called John Keating (played by Robin Williams) who challenges the strict academic structure of Welton, a traditional exclusive all-boys college preparatory school. Mr. Keating urges his students to question the status quo, adjust their mindset, change

Creativity: the capacity to produce new ideas, insights, inventions, products or artistic objects, which are considered to be unique, useful, and of value to others.



In a scene from the classic and timeless movie *Dead Poets Society*, prep school teacher Mr. Keating (Robin Williams) discovers that a student, Todd Anderson (Ethan Hawke), has failed to carry out an assignment to write an original piece of poetry.

FIGURE 3.6**Todd Anderson Finds His Creativity**

Keating: There it is. You see, you have a barbarian in you, after all. Now, you don't get away that easy. The picture of Uncle Walt up there. What does he remind you of? [Todd hesitates] Don't think. Answer. Go on.

Todd: A m-m-madman.

Keating: What kind of madman? [Todd hesitates again] Don't think about it. Just answer again.

Todd: A c-crazy madman.

Keating: No, you can do better than that. Free up your mind. Use your imagination. Say the first thing that pops into your head, even if it's only gibberish. Go on, go on.

Todd: Uh, uh, a sweaty-toothed madman.

Keating: Good God, boy, there's a poet in you, after all. There, close your eyes. Close your eyes. Close 'em. Now, describe what you see.

Todd: Uh, I-I close my eyes.

Keating: Yes?

Todd: Uh, and this image floats beside me.

Keating: A sweaty-toothed madman?

Todd: A sweaty-toothed madman with a stare that pounds my brain.

Keating: Oh, that's excellent. Now, give him action. Make him do something.

Todd: H-His hands reach out and choke me.

Keating: That's it. Wonderful. Wonderful.

Todd: And, and all the time he's mumbling.

Keating: What's he mumbling?

Todd: M-Mumbling, "Truth. Truth is like, like a blanket that always leaves your feet cold."
[Class laughs]

Keating: Forget them, forget them. Stay with the blanket. Tell me about that blanket.

Todd: Y-Y-Y-You push it, stretch it, it'll never be enough. You kick at it, beat it, it'll never cover any of us. From the moment we enter crying to the moment we leave dying, it will just cover your face as you wail and cry and scream.

[The rest of the class claps, impressed by Todd's poem]

their behaviors, live life to the fullest and, famously, to seize the day (using the Latin phrase *carpe diem!*). We feel this movie is an excellent example of creativity, and especially relevant to entrepreneurs.

In one memorable scene, student Todd Anderson—a quiet, under-confident, insecure character who is full of self-doubt about his creative abilities—has not written a poem as assigned. Mr. Keating stands him at the front of the class and prods him to yell “Yaahh!” like a barbarian would do, pointing to a picture on the wall of the famous poet Walt Whitman.¹⁹

As Mr. Keating's character demonstrates in this scene, creativity is something that can be unleashed even in the most reticent person. Many of us can identify with the Todd Anderson character. It is easy for us to become blocked when we are asked to do something creative, especially when we are put on the spot. Yet, in many cases, even though we know that every single one of us has the ability to be creative; like Todd, we still find ourselves stumbling against emotional roadblocks.

The Fear Factor

James L. Adams, a Stanford University professor who specialized in creativity, identified six main emotional roadblocks preventing us from practicing creativity:

- ▶ fear,
- ▶ no appetite for chaos,
- ▶ preference for judging over generating ideas,
- ▶ dislike for incubating ideas,
- ▶ perceived lack of challenge, and
- ▶ inability to distinguish reality from fantasy.²⁰

Out of these six emotional roadblocks, it is fear which has the most detrimental effect on our capacity to be creative. The danger of fear is that it can cause self-doubt, insecurity, and discomfort even before the beginning of the creative process. It can also block us from sharing our creativity with others because of the risk of failure, negative feedback, or ridicule.

Bradley Smith, co-founder and CEO of California-based financial services company Rescue One Financial, suffered huge fear and anxiety when his business started to sink deeper and deeper into debt. Smith states, “I’d wake up at 4 in the morning with my mind racing, thinking about this and that, not being able to shut it off, wondering, when is this thing going to turn?” Less than a year later, much to Smith’s relief, the business began to make money.

Similarly, Robert Donat, founder of GPS Insight, knows all about fear and admits being kept up at night by “the fear of the unknown,” and what “might harm the company.” Yet he manages to find ways of coping with the pressure by participating in challenging hobbies such as scuba diving, snowboarding, and learning to play the guitar. Donat has learned how to manage his fear by recognizing it, and shifting his focus to more enjoyable activities, rather than giving into it.

A Creative Mind

The importance of creativity and its necessity in navigating the uncharted waters in an uncertain world is also reflected in our biology. In human anatomy it has long been known that the brain is divided into two hemispheres. Generally speaking, the left hemisphere controls movement, sensation and perception on the left side of our body, and the right hemisphere does so on the right side of our body. This is why an injury to the left side of the brain can result in impairment or paralysis on the right side of the body, and vice versa. In the 1960s, researchers proposed that each of the two hemispheres had its own distinct thinking and emotional functions. This idea was then further expanded to propose “left-brained” and “right-brained” orientations as though they were personality types (see Table 3.1).

In his book *A Whole New Mind*, business and technology author Daniel Pink uses the right-brain / left-brain model to describe how today’s society is moving from left-brain thinking to right-brain thinking.²¹ Historically, Pink observes, people have tended to use left-brain thinking over right-brain thinking because most tasks and activities in the agricultural and industrial age demanded these attributes. Those were the times when jobs were more methodical and predictable. Today, many of the methodical tasks have been outsourced or have been taken over by computers. Pink holds that we now live in a “conceptual age” that requires us to use both the left and right sides of the brain to

TABLE 3.1

Left Versus Right Brain Orientation

LEFT-BRAIN THINKING	RIGHT-BRAIN THINKING
Detail oriented	Big-picture oriented
Forms strategies	Presents possibilities
Logic	Intuition
Rational	Emotional
Analytical	Synthesizing
Verbal	Spatial
Quantitative processing	Nonverbal processing
Talking	Drawing
Writing	Manipulating objects
Objective	Subjective
Linear	Creative
Directive	Experiential
Words	Symbols
Language	Images
Reasoning	Dreaming

Source: Neck, H. M. 2010. Idea generation. In B. Bygrave & A. Zacharakis (eds.), *Portable MBA in entrepreneurship*. Hoboken, NJ: John Wiley & Sons, pp. 27–52. Figure on p. 38.

create new opportunities and possibilities—in other words, to succeed in today’s world we need a different way of thinking.

However, it is important to recognize that there has been little scientific support for the model of people being “left-brained” or “right-brained,” even as the technology for brain scans had advanced. In a 2012 study, researchers at the University of Utah analyzed brain scans from more than 1,000 people between the ages of 7 and 29. They found no evidence to suggest that one side of the brain was more dominant than the other in any given individual: “. . . our data are not consistent with a whole-brain phenotype of greater ‘left-brained’ or greater ‘right-brained’ network strength across individuals.”²² Study researcher Jared Nielsen, a graduate student in neuroscience at the university, concludes, “It may be that personality types have nothing to do with one hemisphere being more active, stronger, or more connected.”²³

Although it may be inaccurate to characterize people as “left-brained” or “right-brained,” the idea of two different types of thinking can still be helpful in understanding how to foster creativity. A study carried out by psychology professor Mihaly Csikszentmihalyi between 1990 and 1995 shows an interesting relationship between personality traits and the characteristics commonly associated with left- and right-brain thinking.²⁴ Csikszentmihalyi and a team of researchers identified 91 people over the age of 60 whom they considered highly creative, or “exceptional,” in the fields of science, art, business, and politics. They discovered that although conflicting traits are not commonly found in the same person—for example, a person is typically introverted or extraverted, not both—they were present in many of the study participants. They exhibited seemingly polarized traits like discipline and playfulness, a strong sense of reality and a vivid imagination, pride and humility (see Table 3.2). Csikszentmihalyi referred to these highly creative individuals as having “dialectic” personalities, and concluded that for people to be creative, they need to operate at both end of the poles.

TABLE 3.2

Csikszentmihalyi's Polarity of Creative Individuals.

High energy ●	● Often quiet and at rest
Smart ●	● Naïve
Disciplined ●	● Playful
Strong sense of reality ●	● Imagination and fantasy
Extroversion ●	● Introversion
Proud ●	● Humble
Traditionalist ●	● Rebellious and independent
Masculine/Feirunrne* ●	● Feminine/Masculine
Objective ●	● Passionate
Enjoyment and bliss ●	● Suffering and pain

Source: Adapted from in H. M. Neck, "Idea generation," In B. Bygrave & A. Zacharakis eds. *Portable MBA in Entrepreneurship* (Hoboken, NJ: John Wiley & Sons, 2010, pp. 27-52; figure on p. 40) and adapted from Mihaly Csikszentmihalyi, *Creativity: Flow and the Psychology of Discovery and Invention* (New York: Harper Collins, 1996).

If you compare the “polarized” traits in Table 3.2 with the left- and right-brain characteristics in Table 3.1, you will see striking similarities, suggesting that creativity involves using both sides of the brain. In this sense, Csikszentmihalyi's study is consistent with Pink's argument that we are living in a conceptual age which requires us to tap into our creative potential and think with both sides of our brain.

While successful entrepreneurs may not fit into a single profile, there is, however, some commonality in the mindset of successful entrepreneurs. They envision success while also preparing for failure. They value autonomy in deciding and acting and, therefore, assume responsibility for problems and failures. They have a tendency to be intolerant of authority, exhibit good salesmanship skills, have high self-confidence, and believe strongly in their abilities. They also tend to be both optimistic and pragmatic. They work hard and are driven by an intense commitment to the success of the organization. Here again we see evidence that an entrepreneurial mindset requires more than one kind of thinking.

3.5 THE IMPROVISATION HABIT

» LO 3.5 Explain how to develop the habit of improvisation.

Let's explore the third of the key habits for developing an entrepreneurial mindset: improvisation. **Improvisation** is the art of spontaneously creating something without preparation. Improvisation is connected to the mindset because it helps us to develop the cognitive ability to rapidly sense and act as well as change direction quickly.

For many of us, the word “improvisation” evokes images of people standing on stage in front of an audience under pressure to make them laugh or to entertain. While it is true that world-famous comedy clubs like Second City in Chicago offers classes in improvisation to aspiring actors—including Tina Fey, Stephen Colbert, and Steve Carrell—improvisational skills can be very useful to entrepreneurship.

The ability to function in an uncertain world requires a degree of improvisation. Entrepreneurs may begin with a certain idea or direction, but obstacles such as limited resources, environmental conditions, or a changing mindset can prevent them from executing their initial plans. This means they need to find a way to quickly adapt to

Improvisation: the art of spontaneously creating something without preparation.

their circumstances, think on their feet, and create new plans to realize their vision. A recent study showed that entrepreneurs starting new ventures who displayed more signs of improvisational behavior tended to outperform those who did not have the same tendencies.²⁵

There is a long tradition of improvisation techniques applied to the theater and to music styles such as jazz, but improvisation has also been growing in popularity in business and entrepreneurship. For example, many major business schools such as UCLA’s Anderson School of Management, Duke University’s Fuqua School of Business, MIT’s Sloan School of Management, and Columbia Business School offer business students courses on improvisation to teach skills such as creativity, leadership, negotiation, teamwork, and communication. Indeed, Columbia takes business students to a jazz club so they can engage with professional musicians regarding how they use improvisation on stage.²⁶

Robert Kulhan, an assistant professor at Duke University’s Fuqua School of Business, teaches improvisation to business students and executives. Kulhan asserts that “improvisation isn’t about comedy, it’s about reacting – being focused and present in the moment at a very high level”.²⁷ Improvisation is especially relevant to the world of entrepreneurship where uncertainty is high and the ability to react is essential.

For those of you who may feel a little apprehensive about the idea of engaging in spontaneous creation, it may comfort you to know that anyone can improvise. In fact, you may not realize it, but each one of us has been improvising all our lives. Think about it: how could any one of us be prepared for everything life has to throw at us—from our personal or business lives? Often, we are forced to react and create on the spot in response to certain events. There is simply no way we can prepare for every situation and every conversation before it takes place. We are naturally inclined to deal with the unexpected; now all we have to do is deliberately practice that ability.



TABLE 3.3

Improvisation Guidelines

- Improvisation is not just for actors or musicians
- There’s no such thing as being wrong.
- Nothing suggested is questioned or rejected (no matter how crazy it might sound!)
- Ideas are taken on board, expanded, and passed on for further input
- Everything is important.
- It is a group activity – you will have the support of the group.
- You can trust that the group will solve a certain problem.
- It’s about listening closely and accepting what you’re given.
- It’s about being spontaneous, imaginative, and dealing with the unexpected.

YOU BE THE ENTREPRENEUR**Rescue One Financial**

An entrepreneur has to be innovative, motivated, and above all a great self leader to make their business a reality. After their dream comes true, what if they start to question their self-leadership? Bradley Smith, CEO of Rescue One Financial, experienced this dilemma. He helped clients with their debt, but secretly he shared their troubles.

Smith started his own financial services company and worked long hours counseling clients on how to get out of debt. All the while, no one knew that he was sinking deeper and deeper into debt himself. He sold the Rolex watch he had bought with his first paycheck, and had to borrow \$10,000 from his father. As his debt grew, he found out his wife was pregnant with their first child. He didn't see any way to save his company.

Source: Bruder, Jessica. Sept. 2013. The Psychological Price of Entrepreneurship. Inc. Magazine. Pages 1-10.

What Would You Do?

However, many of us are apprehensive about sharing our ideas for fear of being shot down. One of the most useful improvisation exercises to address this is fear is the “Yes, and” principle. This means listening to what others have to say, and building on that. Let's take a look at the “Yes, and” principle in action during the following conversation among three friends.

Peter: “I have a great idea for a healthy dried fruit snack for kids that contain less sugar than any other brand on the market.”

Teresa: “Hasn't this been done already? The market is saturated with these kinds of products.”

Sami: “I think it's an interesting idea but I've heard that these products cost a fortune to manufacture and produce.”

In this conversation, Peter has barely touched upon his idea before it gets shot down by the others. Peter may not be conscious of it, but the reaction from his friends changes his mindset from positive to negative, instantly limiting his freedom to expand the idea further. Rather than offering their assistance, Sami and Teresa rely on judgment and hearsay rather than helping Peter to build on his idea.

However, the “Yes, and” principle does not allow for the negative words such as “no” and “but” as the following conversation illustrates.

Peter: “I have a great idea for a healthy dried fruit snack for kids that contain less sugar than any other brand on the market.”

Teresa: “Yes, and each snack could contain a card with a fun fact or maybe some kind of riddle.”

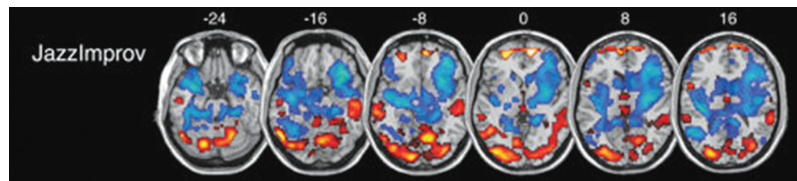
Sami: “Yes, and if enough cards are collected you can go online and win a small prize.”

By using “Yes, and,” Peter and his friends have managed to expand on his original idea and injected a bit of positivity into the conversation.

Now that we know anyone can improvise, why don't more of us do it? Self-doubt is the most common barrier to improvisation: “I don't want to pitch my idea. I hate speaking in public”; “What if I freeze up?” and even worse, “What if I make a fool of myself?” The fear underlying the self-doubt is the fear of failure which stems from not being able to plan in advance.

FIGURE 3.7

MRI scans from jazz improvisation



Source: N. Zagorski, "The Science of Improv," *Peabody Magazine* (Fall 2008) http://www.peabody.jhu.edu/past_issues/fall08/the_science_of_improv.html retrieved October 31, 2014.

Yet people who engage in improvisation are actually more tolerant of failure because it helps us to break free of traditional structured thinking, releases our need for control, opens our minds, improves our listening skills, and builds our confidence by encouraging us to think quickly under pressure. Originally actors were trained in improvisational techniques so they could overcome forgetting their lines on stage during a performance. Additionally, improvisation has a significant effect on our brain activity.

Scientists have studied the effects of improvisation on brain activity by asking six trained jazz pianists to volunteer to play a combination of learned and improvised pieces of music while lying in an MRI machine. When it came to analyzing the brain scans, the scientists found that the musicians tended to switch off the self-censoring part of the brain which gave them the ability to freely express themselves without restriction (see Figure 3.7).²⁸ In other words, we have a brain that is designed to generate unpredictable ideas when the self-monitoring part is suppressed.²⁹

As we have learned, developing an entrepreneurial mindset requires practice in the areas of self-leadership, creativity, and improvisation. However, all this practice is meaningless unless your mindset is geared towards action.

3.6 THE MINDSET AS THE PATHWAY TO ACTION

» LO 3.6 Relate the mindset for entrepreneurship to entrepreneurial action.

The mindset is the pathway to action. There is no entrepreneurship without action and the mindset is antecedent to action. As we have seen in the preceding sections, the entrepreneurial mindset requires the habits of self-leadership, creativity, and improvisation. These habits create an emotional platform for entrepreneurial actions. You can have the best idea in the world, but without a mindset with a bias for action there is nothing—no new venture, product, organization or anything else. Taking action is the only way to get results. Even the process of changing and expanding your mindset involves taking action through deliberate practice.

But taking action requires a degree of confidence, and belief in our abilities—an attribute known as self-efficacy. Let's take a look at how self-efficacy supports entrepreneurial activity.

Self-Efficacy and Entrepreneurial Intentions

There have been an increasing amount of studies into **entrepreneurial self-efficacy** (ESE), which is the belief entrepreneurs have in their ability to begin new ventures.

Entrepreneurial self-efficacy (ESE): the belief that entrepreneurs have in their own ability to begin new ventures.

Stakeholder Relationships and Trust

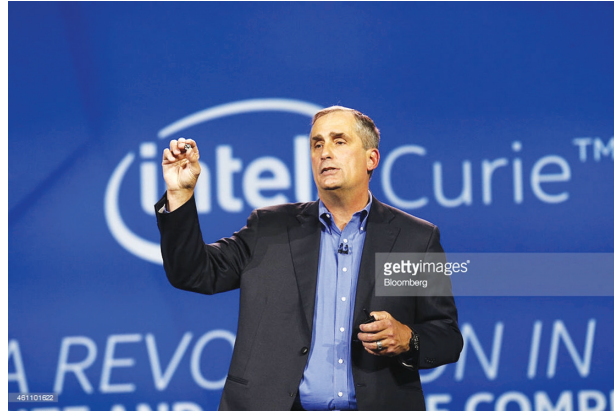
Although they value autonomy, entrepreneurs recognize that they also rely on many stakeholders—community networks, investors, employees, customers, and more—as keys to their success. To cultivate these relationships, successful entrepreneurs build a culture of trust by modeling ethical behavior and establishing a code of ethics.

The Silicon Valley giant Intel Corporation, maker of semiconductor chips, engages in a wide variety of ethically oriented policies, both internal and external. For example, it reaches out to the general public to stop online harassment, and is a recognized industry leader in reducing the use of “conflict minerals.” For its employees, Intel has an ethical code of conduct that includes, among many other provisions, a value limit on gifts that employees can accept from suppliers. The company believes that when suppliers give expensive gifts to Intel employees, it often leads the employees to feel obligated to give Intel business to those suppliers—potentially under conditions that are advantageous to the supplier and disadvantageous to Intel.

Ethical behavior can be a slippery slope, as decisions that begin in an ethically “gray area” can spiral and degenerate into unethical decisions.

CRITICAL THINKING QUESTIONS

- 1. Critique the argument that entrepreneurs should establish trust with their stakeholders by modeling ethical behavior. Give some examples supporting your position.**
- 2. As a CEO, would you support requiring your employees to sign a company code of ethics? If so, what would be the most important provisions of your code?**
- 3. What would you do if a supplier sent a private jet to bring you to the supplier’s corporate headquarters to inspect the factory? ●**



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Self-efficacy is an essential part of the entrepreneurial mindset, and is thought to be a good indicator of entrepreneurial intentions as well as a strong precursor to action.³⁰ In fact, recent research suggests that entrepreneurial self-efficacy can enable the entrepreneur to more effectively confront demands or stressors and thus improve entrepreneurial performance.³¹ In other words, the research suggests that when we believe in our ability to succeed in something, we are more likely to actively take the steps to make it happen.

However, sometimes there is a fine line between self-confidence, self-efficacy, and arrogance. Arrogance leads a person to believe that he or she achieved success without help from others; further, the arrogant person may feel entitled to success and entitled to “bend the rules” to get ahead. As explored in the *Entrepreneurship Meets Ethics* feature, there is in fact a synergy between entrepreneurs and many other stakeholders. Healthy self-efficacy recognizes this relationship and makes use of it in constructive, mutually beneficial ways.

TABLE 3.4

The General Self-Efficacy Scale (GSES)

1	I can always manage to solve difficult problems if I try hard enough.
2	If someone opposes me, I can find the means and ways to get what I want.
3	It is easy for me to stick to my aims and accomplish my goals.
4	I am confident that I could deal efficiently with unexpected events.
5	Thanks to my resourcefulness, I know how to handle unforeseen situations.
6	I can solve most problems if I invest the necessary effort.
7	I can remain calm when facing difficulties because I can rely on my coping abilities.
8	When I am confronted with a problem, I can usually find several solutions.
9	If I am in trouble, I can usually think of a solution.
10	I can usually handle whatever comes my way.
Response Format	
1 = Not at all true 2 = Hardly true 3 = Moderately true 4 = Exactly true	

Source: R. Schwarzer and M. Jerusalem M. (1995). Generalized Self-Efficacy scale. In J. Weinman, S.Wright, & M. Johnston, *Measures in health psychology: A user's portfolio*. Causal and control beliefs (pp. 35-37). Windsor, UK: NFER-NELSON. Scale retrieved from <http://userpage.fu-berlin.de/~health/engscal.htm> on November 2, 2014.

Sara Blakely, founder of undergarment manufacturer Spanx, believed in her vision so truly that she committed her personal finances and all her energy to bring her product to fruition.³² We could say that Robert Donat, the founder of GPS Insight, believed in his own ability to make things happen by building his company into the success it is today. Like many other factors of entrepreneurship, researchers have found that ESE can be heightened through training and education.

In general, people with high levels of self-efficacy tend to put in a higher level of effort, persist with an idea, and persevere with a task than those people who possess low levels of self-efficacy as shown by certain experiments by researchers. For example, The General Self-Efficacy Scale (GSES) (see Table 3.4) was designed by researchers to assess the degree to which we believe our actions are responsible for successful results.³³ It measures the belief we have in our ability to carry out difficult tasks, cope with adversity, persist in reaching our goals, and recover from setbacks.

The GSES has been used all over the world since the 1990s to measure the self-efficacy levels of a whole range of ages, nationalities, and ethnicities, and is thought to be an accurate way of testing self-efficacy levels. It consists of 10 items, takes 4 minutes to complete, and is scored on a range of 10-40; the higher the score, the stronger the belief in your ability to take action. Take 4 minutes and complete the scale.

Keep in mind that self-efficacy can change over time. The more you practice something, such as entrepreneurship, the greater the likelihood that your self-efficacy related to entrepreneurial action will increase.

The Role of Mindset in Opportunity Recognition

As our mindset grows and expands through practicing self-leadership, creating, and improvising, we are more inclined to recognize and create opportunities. In fact, Richard Wiseman's study of luck, described in the *Research at Work* feature, shows us that people who consider themselves lucky are more open to recognizing chance opportunities.

Think back to how Vera Bradley—the luggage design company featured in Chapter 2—began. Business partners Barbara Baekgaard and Pat Miller identified an opportunity to make attractive practical bags at a lower price than the competition, by simply observing the type of luggage people used at the airport. We could say that both Baekgaard and Miller were in the right mindset to recognize and pursue this opportunity. Indeed, they had already started a successful wallpaper hanging business which had given them a high degree of self-efficacy which encouraged them to consider another venture. Through creativity and improvisation, both women succeeded in revolutionizing the luggage industry.

It is so easy to miss opportunities if we are not in the right mindset. Baekgaard and Miller could have just as easily casually exchanged remarks about the drabness of the luggage available, and then simply moved on to a new topic of conversation, forgetting all about their initial observations. Even worse, one of them might have pointed out the opportunity to design new bags, but the other could have discouraged her from persevering with the idea by saying that creating a new set of luggage would be time-consuming, expensive, and so on. Fortunately, both women were in the right mindset to identify a need for practical luggage and to support each other in their pursuit of their goal.

As we have explored, in order to develop an optimal mindset for entrepreneurship, we need to recognize its importance, and consciously take the steps to nurture it through the practice of self-leadership, creativity, and improvisation. Working on those areas helps to build higher levels of self-efficacy which gives us the confidence to create, pursue, and share our ideas. By building a strong mindset, we are better able to identify exciting opportunities, and to take action to begin new ventures, products, or organizations. A continuously expanding and growing mindset is the key to successful entrepreneurship. ●



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SUMMARY

1. Appraise the effectiveness of mindset in entrepreneurship.

Part of the practice of entrepreneurship is having the right mindset (or mental attitude) to start and grow a business. Entrepreneurs who have the right mindset are more likely to persist with ideas and act on potential opportunities.

2. Define “mindset” and explain its importance to entrepreneurs

An entrepreneurial mindset is the ability to quickly sense, take action, and get organized under certain conditions. Of the two mindsets proposed by Carol Dweck, the growth mindset represents a fundamental belief that failure is something to build upon; and a learning mindset is essential for personal and professional growth.

3. Explain how to develop the habit of self-leadership.

Self-leadership is a process of self-direction that utilizes behavior strategies, reward strategies and constructive thought patterns.

4. Explain how to develop the habit of creativity.

Creativity is defined as the capacity to produce new ideas, insights or inventions that are unique and of value to others.

5. Explain how to develop the habit of improvisation.

Improvisation is the art of creating without preparation. Improvisation is recognized as a key skill to not just budding entrepreneurs, but business practitioners of all types.

6. Relate the mindset for entrepreneurship to entrepreneurial action.

As entrepreneurship demands practice to achieve success, the right mindset is necessary for that practice to be successful. When people believe they can succeed, they're more likely to pursue the right activities to make that happen.

KEY TERMS**Behavior focused strategies, 000****Constructive thought patterns, 000****Creativity, 000****Entrepreneurial mindset, 000****Entrepreneurial self-efficacy (ESE), 000****Fixed mindset, 000****Growth mindset, 000****Habit, 000****Improvisation, 000****Natural reward strategies, 000****Passion, 000****Self-cueing, 000****Self-goal setting, 000****Self-leadership, 000****Self-observation, 000****Self-punishment (or self-correcting feedback), 000****Self-reward, 000****CASE STUDY****Dr. Nathaniel J. Williams, Founder and CEO; *Humanworks Affiliates, Inc.***

Dr. Nathaniel J. Williams, Ed.D., MHS, MPA, MBA wears many hats: adjunct professor, author, speaker, community advocate, and business executive. Dr. Williams leads a \$12 million per year nonprofit organization called Human Works Affiliates, a group of nine companies dedicated to providing management, financial, operations, and development services for nonprofit and provider agencies. Before reaching his 50th birthday, he had authored nine books; he also consults and speaks to a variety of groups throughout the world. On top of that, he is a married man and father of eight.

Who would have guessed back in 1970 what little five-year old Nat Williams, recently orphaned upon the untimely death of his mother, would someday become? At that time, Nat, the eleventh of twelve children, was attending the funeral of his only remaining parent; to this day, his father's identity and locale remains a mystery. After the funeral was over, five taxis awaited outside to take him and his nine other brothers and sisters who were under age 18 to five separate homes in the New York City (The Bronx) foster care system.

In his own words, Nat describes his feelings and response to this difficult situation:

I felt sorry that it happened, but rather than feeling sorry for myself, I recognized that it wasn't the end of the line for me. In time, I learned to try to find *the message*, or *the memo*, in difficult experiences I faced to see what I could learn and then internalize from those experiences.

One day, while living in a group foster home known as a cottage, Nat eagerly awaited the arrival of his brothers and sisters who were coming to visit him. Unfortunately, the van carrying his siblings broke down and they were unable to make the trip. Saddened by this disappointment, Nat sat alone on the front steps of the foster home administration office brooding. As he sat there in his sadness, the executive director of the home, Sister Mary Patrick, came along and asked Nat what was wrong. He shared his plight with the nun, who disappeared and then returned almost magically with a bicycle to cheer Nat up. Thrilled and grateful, he rode off to show his "cottage mates" his new treasure. Then he let them take turns riding the bike. As he was observing one of his mates riding down the path on his new bike, a

life changing prompting—or message—swept over him. He suddenly realized that if he wasn't careful, this would set a negative precedent for the rest of his life: *telling a sad story and then waiting for a handout*.

That wasn't the story Nat wanted told of his life, and from that point on, he began to *look at life differently*, and set his sights high. He determined that someday, he wanted to be like Sister Mary Patrick: a leader of great caring and compassion, as well as an executive director of something. He even started signing his name: *Nathaniel J. Williams, Executive Director*, a habit that spawned confusion and derision among many of his peers. In his own words:

People were always making fun of me, and would ask, "Why the hell are you saying you're an Executive Director, and why are you signing your name that way," but it gave me a pathway. I say to people often, if it's not written, it's not going to happen, so by me just writing it down what I wanted to do, it made it very clear, so when drugs came my way, or alcohol came my way, or other things, because I knew what I wanted to do, I was able to plan my work and then work my plan. I was able to say *yes* or *no* to that based on what *I wanted* to do with my life.

Nat came to recognize over time that the true gift he had received that day was not *the bicycle*, but the lesson he learned from the experience – a lesson that would continue to inform his life's decisions and directions for the rest of his life.

I encourage people to find the message behind the moment rather than being overwhelmed by the moment itself. I try to understand that there is something in here for me to take away from every experience; the question is: *what is it?* If I can take it away, then I can possibly turn it into a gift for other people as well.

Over time, Nat began taking more leadership initiative. At age 15, the cottage where he lived was becoming disruptive with kids from other cottages coming and going as they pleased. He decided to take action. He posted a sign that read: *all visitors must check in with the staff*. The *actual* cottage leader was infuriated to discover a 15-year old kid had exercised such initiative without any formal authority to do so. Nat knew a need when he saw it; he wanted to be a leader, and he wanted to fill the needs he saw around him. Much of his time as a teen was spent taking such leadership initiative in one way or another, a harbinger of the hard work, focus, and proactivity that would mark his pathway for the next several decades.

As a teenager, he was exposed to drugs, alcohol, and other negative activities and temptations common to adolescents. As he saw a lot of people—including some of his siblings—get tangled up in the web of substance abuse and other trouble, the negative consequences of such behavior, and their incompatibility with realizing his goals, became a powerful deterrent for Williams.

After high school, Nat attended a community college in New York City for three semesters. He also began to work; one of his first jobs was in a home for mentally disabled adults. He was enthralled with the opportunity that work provided to earn money while contributing meaningfully to the lives of others. It would begin his lifelong work with the disabled, or others who needed help. Putting in 18- to 20-hour days was not uncommon as he seized upon employment opportunities.

At age 28, Williams founded a company that is now a conglomerate of nine different organizations focused on human care services that help others in need. This same organization now has an operating budget of \$12 million a year and employs over 200 people. Dr. Williams is also on the board of directors for three other organizations and hosts a weekly television talk show in the State of Pennsylvania.

In addition to his heavy work schedule, Dr. Williams also found time in his life for family. He got married and had two children. After a divorce from his first wife, he remarried and had five more children and adopted a sixth (his niece from Liberia), making him the father of eight.

Between 2006 and 2009, he completed four graduate degrees including a Masters of Business Administration (MBA), a Masters of Public Administration (MPA), a Masters

of Human Services (MHS), and a Doctorate in Education (Ed.D.). Two of his four degrees were earned from Lincoln University of Pennsylvania and Cheney University of Pennsylvania, the two historically oldest African American universities. In 2007, Kutztown University of Pennsylvania made Dr. Williams the first ever year-long Frederick Douglass Institute's Scholar-in-Residence. He is also an adjunct professor at two different universities.

Perhaps one of the most significant components of Dr. Williams' enormous success is that he was a minority raised in the foster care system and therefore started out in life with nothing materially or financially. His is a story that underscores the power of potential that can be found inside the body, mind, heart, and spirit of a human being. Yet, he is also quick to concede the importance of involving others along the way to help, and that a sincere relationship of complete transparency with such friends, teachers, and mentors is essential.

Instead of focusing on what he did *not* have as a young African American orphan growing up in a challenging urban environment, Nat focused on what he *did have*, what he *could do*, and what he *could learn* from his experiences. He explains that to transcend less than ideal external circumstances, it is crucial to *work with what you have* and to *believe that what you have isn't so bad*. By so doing, your focus and energy becomes directed toward framing your situation in the best possible light and then working hard to make the most of that situation.

In hindsight, he doesn't feel sorry for himself for being orphaned at five, or that he had to struggle to realize his present success. Rather, he recognizes that each life experience played a distinct role in helping to mold and shape his character and personality. This led to incredible inner growth and strength that has, over time, led to a transformation of his *outer reality*. More importantly, he has positively influenced and helped many people along the way.

Nat Williams Quotables

- I think that a person has to recognize that you've gotta work with what you got, and you've gotta believe that what you got ain't bad. You've got to recognize and accept what you've been given, and then figure out a way to work with it, and work with others.
- Everything isn't a burden; everything isn't a challenge. Difficulties can be seen as a blessing. They can be seen as a conduit for major change. Don't talk about what you don't have. It is your perspective that matters most.
- So often people live their lives based on how they've been hurt, and that's why I think lots of times the hurt keeps compounding itself because they just keep looking for the same thing to keep happening, and it becomes a self-fulfilling prophesy.
- I try to make sure I surround myself with people who can afford to tell me the truth.
- You need other people to help you stay on the straight and narrow and you've got to be transparent.
- There are things that I needed to go through to get where I am today.
- How can I make the most of what life has given me?

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Critical Thinking Questions

Dr. Nathaniel J. Williams.

1. In your own words, how would you explain why Nathaniel J. Williams was able to rise above the difficult circumstances of his childhood?
2. In what ways does Nathaniel J. Williams' approach to life exemplify the entrepreneurial mindset advocated in this chapter? Does his approach differ in any ways?

3. Can you think of limitations you are placing on yourself that may be restricting your ability to achieve your goals? Name some specific examples.
4. How can you apply an entrepreneurial mindset to your life to help you break through these limitations in order to reach success?

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This story is an abridged version of a chapter in Dr. Jordan R. Jensen's book, *Self-Action Leadership*, reprinted with permission of the author and copyright holder (Jensen).

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To see Nat Williams' personal website, visit URL: <http://www.nj-williams.com/>

To see HumanWorks Affiliates, Inc. company website, visit URL: <http://www.humanworksaffiliates.com/>

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