



## Leading Entrepreneurs

by Joel DiGirolamo

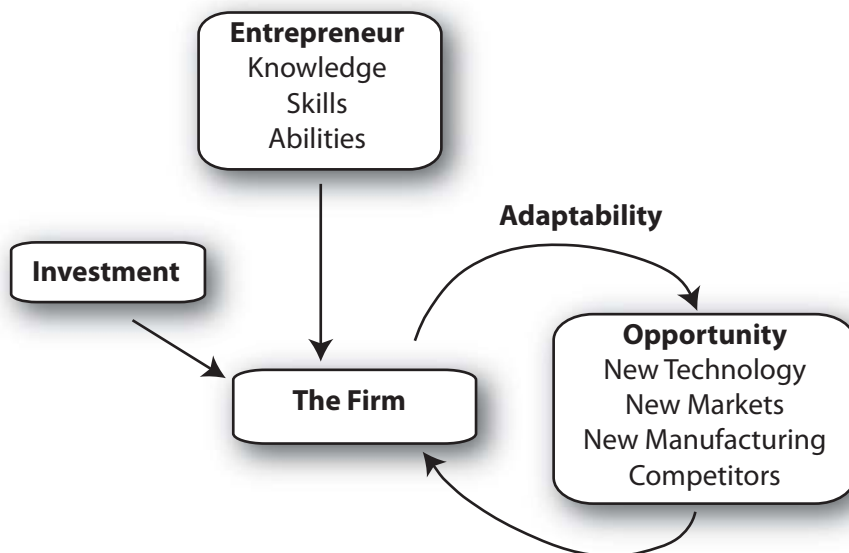
What do you get when you combine Kentucky hospitality with technology? Answer: a renewed spirit of entrepreneurship. I, along with many others sense a palpable desire to nurture new ventures in the Bluegrass region.

An extremely unfortunate but consistent product of economic recessions is a mass of workers furloughed from corporate institutions. These forced career transitions often become the jolt individuals need to make the leap from the illusion of a corporate security blanket to a riskier, but certainly more exciting new venture.

Combine the current recession with a large number of near-retirement baby boomers with a lifetime of savings in their pocket and you have an environment ripe for a crop of innovative business endeavors. It's sort of like

that phrase, "No one should die with a book inside them." I feel that no one should die without following through on that creative business venture that's been rattling inside their head or fallen flat on the desk of corporate insolvency.

It is often felt that when recessions produce idle workers laid off from large corporate institutions many choose to start their own business, producing an upward blip in the annual statistics of startup firms. On a regional scale, we are experiencing the confluence of these global economic storms, a concerted effort at the state level to attract and retain technology workers, and the commercialization efforts by entrepreneur and now President of the University of Kentucky, Lee T. Todd, Jr.





## Entrepreneurs

But enough of this big picture stuff. Let's look at the people. My definition of a successful entrepreneur is a person who has the knowledge, skills, and abilities to creatively launch a sustaining business in the face of fierce competitive, technological, and market pressures.

It is important to separate the entrepreneur from his or her firm. There are four basic elements in the entrepreneurial model: the entrepreneur, the firm, the market opportunity, and investments. This model gives us the luxury of analyzing individual parts to better understand what's working and what's not. In the absence of such a model we might be quick to either fête or blame an entrepreneur for firm success or failure when in reality external factors may have played a greater role. Knowledge, skills, and abilities (KSAs) are factors we should investigate any time we hire someone and can be critical when evaluating an entrepreneur.

Given the small size of startup organizations and the limitless uncertainty surrounding new technologies, markets, manufacturing, and competitors entrepreneurs must become masters at quickly adapting to constant fluctuations. All work can quickly come to a screeching halt through no fault of an entrepreneur if funding groups decide to tighten the reins across the board.

## Serial Entrepreneurs

Financiers like to invest in so-called "serial entrepreneurs," ones who can display a series of uninterrupted successes. A successful business model for early investing dictates high returns for the few ventures in the given portfolio that do not fail. If a true serial

entrepreneur exists he or she will greatly reduce the investor's risk and increase the financial return. The problem is that entrepreneurs may succeed in spite of their limited knowledge, skills, and abilities or conversely, despite stunning capabilities, fail due to unforeseen competitive, technological, or market factors.

While it can be said that a talented entrepreneur will be able to flourish in any adverse situation, there are times when the forces of nature, so to speak, are too great to overcome. This makes the job of leading or guiding an entrepreneur much harder. You must dig to determine the sources of past successes and failures. You no longer can take either the successes or failures at face value.

One thing is fairly certain, entrepreneurs with a string of successes will find it much easier to recruit individuals for new ventures. Everyone wants to work for a winner

When you look at truly gifted individuals such as Thomas Edison or W. A. Mozart you will see huge peaks and valleys in their productivity over the years of their lives. Imagine either one of them in a cut-throat corporate culture. After two slow years they would probably have been escorted to the door with their box of personal belongings in their arms. Surprisingly, some academic researchers have actually been able to create mathematic models of these creative instabilities.

Thomas Edison embraced failure since he valued the information about what did not work. His improvement of the electric light bulb and electrical transmission system required thousands of experiments. At a late age fire gutted his profitable phonograph enterprise, resulting in total destruction. He glowed, telling everyone that they now had the chance to start anew.



## The Bluegrass Region

As I stated at the outset, there is a palpable sense of entrepreneurship growing in the Bluegrass region. Through the efforts of many we are creating an entrepreneurial community, culture, and infrastructure. Investment dollars are flowing into the region along with tax incentives, facilities, and a critical mass of entrepreneurs.

As President Todd has said, "UK researchers brought 337 million research dollars into this community last year. And our faculty are not simply focused on conducting research for research's sake; they are committed to conducting the type of research that will help us create new Kentucky jobs. We have two on-campus incubators to help our faculty take their research to the marketplace, and we now have 53 companies on Coldstream Research Campus. Combine these efforts with venture funding and support from our banks, and we can take these companies to the next level."

Ron Bingham, an active member of the Bluegrass Angels also talks about the need to create jobs, commercialize emergent technologies, and protect the reputation we have begun to develop. "We need to enhance the growth process by making links between entrepreneurs, investors, and government. Moving beyond that stage, we must connect the company with customers, suppliers, and channel partners."

Fostering entrepreneurship is so important that the Lexington Fayette Urban County Government (LFUCG) has partnered with Commerce Lexington and the University of Kentucky to collaborate and combine efforts to provide resources to these startup companies. "The Bluegrass Business

Development Partnership (BBDP) is a great first stop for entrepreneurs starting a new business or growing an existing one. The BBDP has a diverse menu of business resources as well as a network of professionals who can provide individual assistance," said Bob Quick, President & CEO of Commerce Lexington.

## What You Can Do

If we are going to continue nurturing and growing this nascent entrepreneurial infrastructure you must be willing to take on more risk. As we become more comfortable with this new orientation it will evolve into the fabric of our local culture. Risk-taking is not a foreign concept in the Bluegrass region. While the horse industry may appear to be stable and mature, large risks are taken each and every time a horse sale occurs at one of our sales venues.

Secondly, have patience with entrepreneurs. Don't write them off after the first failure. Investigate the reasons the effort was abandoned. Talk to people at the previous company and past customers. Educate yourself in the cycle of commercialization, revenue, growth, and profitability.

Finally, use your leadership skills to mentor entrepreneurs and to connect ideas to investors.

I've lived in Lexington for over 30 years and I've never been so excited about being here. Next year we will host the World Equestrian Games. Local mature baby boomers are working elbow to elbow with millennials creating a thrilling new entrepreneurial community and culture in our midst. That's exciting!



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## **Recommended reading and references for LEADERSHIP IN ACTION Leading Entrepreneurs**

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