

You have to see it and you have to be brave

1. Introduction

The title of this essay is a quote¹ from Jimmy Treybig, founder of Tandem Computers, and it reminded me of something I read in Drucker's "Innovation and Entrepreneurship".

*"His secret was to **spot** the transatlantic migration at its very onset, to **understand** immediately its significance, and to **exploit** it as an opportunity".*

Drucker was talking about J.P. Morgan but this also applies to all entrepreneurs who spot an opportunity and act on it, or as Treybig put it "see it and be brave". That, to me, is what makes an entrepreneur: the ability to perceive a chance and take strategic actions to realize it. It's all about skills and work, not personalities. In his book, Drucker discussed the entrepreneurs but only about their work and not their temperament: *"Entrepreneurship, then, is behavior rather than personality traits"*. He focused instead on the practice of entrepreneurship and outlined systematic approaches toward purposeful innovations and entrepreneurial management which are still highly relevant today.

Let me map this book onto Amazon.com, Inc. and Jeff Bezos.

I consider Amazon's founder and CEO Jeff Bezos an ideal entrepreneur. Bezos spotted the move to e-commerce *"at its very onset"* and founded Amazon in 1994. He understood "its significance" and had a vision of *the everything store* from the beginning but chose to focus on just one area: physical books. Amazon, basically an online bookstore at the time, had a very simple website and an equally simple operation: people ordered books on Amazon.com, Bezos and his small staff then bought the books elsewhere and shipped them to customers. As Drucker put it: *"Only the very simple, specific strategy has a chance of succeeding"* and this simple model was successful enough to give the young company a firm footing. Bezos's overarching goal - to deliver values to customers - together with his relentless pursuit of innovations have kept Amazon growing in the past 20 years. He understands that *"to render an existing business entrepreneurial, management must take the lead in making obsolete its own products and services rather than waiting for a competitor to do so"*. This was demonstrated in the development of the Kindle, Amazon's e-book reader, where Bezos instructed the Kindle team "Your job is to kill your own business. I want you to proceed as if your goal is to put everyone selling physical books out of a job."²

The conclusion is that a big and successful company has its blueprint laid out perfectly in a book written 10 years before its birth. And in this regard Amazon is not an exception. I could repeat this exercise with other companies and the correlation I drew between Drucker's wisdom and the businesses of today told me the obvious: he was right. But outside of businesses and organizations, what suggestions would he be giving to the general public?

What would all this mean for me?

Here, the answer was not so obvious. I am a Vietnamese PhD candidate studying chemistry at a U.S. school, and I don't think I will start my own business or non-profit venture anytime soon. In short, I do not see myself as an entrepreneur at least for the next 10 years. However, I do think that entrepreneurial thinking and actions are valuable to everyone, regardless of professions. *"Everyone can learn to be an entrepreneur and to behave entrepreneurially"* – Drucker wrote. So I'm going to share my experience in applying his advices with regard to my background, and in the latter part of this essay I'll discuss my take on the *new* entrepreneurs and the entrepreneurial society.

2. "Exploit change as an opportunity"

This is one overarching theme of this book that stood out to me, especially since I've been considering changing my career path. I have tentatively asked some friends in Vietnam about this move and most of them were surprised: "But why? You've been doing this for so long!"

That used to be my way of thinking as well. I kept on studying chemistry because, well, I had been doing it for so long. I started specializing in chemistry in high school, then college and now graduate school. I do like it; and I'm not bad at it either, quite the contrary. So why change then? I realized two years ago that I had not thought about the kind of impact I could make as an organic chemist and whether or not it would be strong enough to fuel my dedication to make this a career.

Not many chemists invent things that will reach the general public, or at least some sort of external users. And as Drucker pointed out, the lead time for knowledge to become knowledge-based innovation is long, around 30 years. So I would have a very small chance of making some impact which could only be realized when I'm near the end of my life. Some people might call this short-sighted but I want to do some good, to "deliver value to customers" sooner.

Following Drucker's advices to business founders, I asked myself some of those questions *"What I am good at?" "What do I really want to do, and believe in doing? What am I willing to spend years on?"* I thought about the things I have to offer: knowledge, willingness to learn and actually learning things fast, and desire to help. I find satisfaction in advising people. For example, I have a friend who is a graduate student based in Paris. She is a book lover but she could find few books in Vietnamese in France. After asking around, she realized that many Vietnamese people there had that same problem. She saw an opportunity to start an online bookstore and discussed her plan with me. I had great fun advising her on book selection, inventory, pricing, advertising, and so on. She's doing well and I find the experience rewarding. And so I've identified my ideal job based on my strength and what I like to do: consulting.

For a long time, it was expected that advanced professional degree holders (APDs) in natural science start their career in the field they study. The future jobs might be different, but the starting point was quite fixed. However there has been a change in perception in the job market, which could be exploited as an opportunity. Now, as APDs are willing to look outside of their fields and employers (customers in the job market) realize the skills and advantages of APDs, opportunities abound. I was quite happy with my analysis up until this point.

Then I freaked out. For some reason I thought management consultants had certain personality traits that would not go well with my temperament. But Drucker offered some reassurance.

“There is no specific personality for either task. What is needed is willingness to learn, willingness to work hard and persistently, willingness to adapt and to apply the right policies and practices.”

That willingness, I believed I had. So I went ahead with my plan and attended a summer program at one of the top consulting firms where I met all sorts of people with diverse backgrounds and personalities. As I’m stepping up preparations for this career move, I do not fear changes anymore. When I thought about the friends who were so taken aback by my plan, I realized a problem with career development of knowledge workers in my country.

“The emergence of the entrepreneurial economy is as much a cultural and psychological as it is an economic or technological event.”

In Vietnam, many people still fear changes; they might not be happy with the status quo but don’t do anything to change it. People value “stability”, it is part of the culture. A stable job is considered a great achievement and that often means working for years at state-owned institutions or companies, many of which are change-averse and as a result, obsolete and ineffective. People working at such organizations are wasting their talents; and since they don’t have to use all their brain power to do their job, there’s no incentive to keep “learning and relearning”.

This attitude is one thing I hope to improve while working in consulting, as the firm I’m interviewing with has experience advising all sorts of institutions in my home country. Maybe I would have a chance to advise them on human resource management. But before that, I will talk to people I know, using what I learn from Drucker and my own adventure to instill in them some entrepreneurial thinking and make them “greedy for new things”.

3. The new entrepreneurs: What’s “new”?

“Most of Silicon Valley - but most of the new biological high-tech companies as well - are still inventors rather than innovators, still speculators rather than entrepreneurs” – Drucker wrote in the introduction of his book. The tech companies of today are quite different from those in his days. As stated earlier, the basic quality is still the same for all entrepreneurs: to see the opportunity and act on it; the new thing is that there is now a purpose to their search for innovations. The strategies Drucker outlined which had been practiced in other fields are now practiced in high-tech as well. People don’t just speculate, they create a product or service because there’s demand for it.

Another trend is the blurring of the line between manufacturing and service in high-tech, a shift in focus for many companies both old and young. GE has developed what it calls “industrial internet” which provides real-time analytics and recommendations to its customers. IBM has turned from a computer producer into a computing solution provider. Among new companies, this trend has contributed to the rise of the platform economy. An example is Amazon web service, a pioneering and

still market leader in cloud services, which gives its customers access to computing power without pouring resource into infrastructures. In manufacturing, 3D printing is an exciting technology that many have predicted to be “transformative”. This field is young with increasing number of firms offering printing platform. The system is still a work-in-progress and the first one to really figure out the platform will be the big winner.

The background of these new entrepreneurs has broadened. As Eric Ries, author of *The Lean Startup*, puts it “Entrepreneurship is truly democratizing. Everyone can do it”. Advances in technology have lowered the entry barriers in many industries while the internet allows new firms to reach out to potential customers at lower costs. Big data and search engines make market research, as least in a simple form, a viable task even for laypeople. “Give people data, platform, they have better chances of stumbling upon novel solutions”, said Ries in an interview with McKinsey.³ Of course this is only helping people “to see it”, they still “have to be brave” and go through with their ventures, a task not any easier than it was 30 years ago.

The last point I want to address about the new entrepreneurs is how they focus on goals beyond economics. And this is not about “social entrepreneurship”; I’m talking about entrepreneurs who start their for-profit ventures *in order to* achieve non-economic goals. Caring about social impacts is nothing new for entrepreneurs. They are often smart, and if their companies are successful, also quite well-off. A good example is Bill Gates. Now a renowned and dedicated philanthropist, he did not start Microsoft to help poor people but to create the best operating system. Elon Musk of Tesla Motors is an example of the new approach. The mission statement of Tesla is “to accelerate the advent of sustainable transport by bringing compelling mass market electric cars to market as soon as possible.”⁴ In addition to the game-changing quality of their products and services, this characteristic of the new entrepreneurs might just be the factor that proves this new breed to be “movers and shakers” in economy and society.

4. So are we close to an entrepreneurial society?

My answer to this question is, unfortunately, no.

Nowadays the news is flooded with startups. It’s easy to get overwhelmed by the increasing number of tech unicorns and the celebrity status enjoyed by some entrepreneurs. It is almost as if whatever one wants to do, there’s a startup for it. However this is only true in certain places like Silicon Valley. The number of new U.S. firms has actually decreased in the last ten years, according to reports from the Kauffman Foundation,⁵ the Brookings Institution,⁶ and Gallup.⁷ There are some more positive reports, but they take into accounts inactive companies that do not generate jobs or revenue. And even the tech companies have not contributed that much to the economy. Let’s start with e-commerce, which is growing steadily but still accounts for only about 10% of all retails (10.5% of total U.S. retails in 2015 was bought over the internet, according to the U.S. Commerce Department⁸). Then there’s the problem with employment. Tech companies, especially the younger ones, do not create many jobs. Companies like Pinterest and Snapchat, valued at \$11 billion and \$18 billion, employ only 700 and 330 people respectively.^{10,11} In short, there aren’t that many startups and they have yet to alter the fabric of life.

To continue the assessment of our current situation, let's look through what Drucker outlined for an entrepreneurial society. According to Drucker *"individuals will increasingly have to take responsibility for their own continuous learning and relearning, for their own self-development and for their own career"*. And this *is* happening. From 2013 to 2024, the U.S. National Center for Education projects that the percentage increase in the number of students enrolled in degree-granting institutions for people age 25 and older will surpass that for people under 25 (14% versus 13%).¹² In addition to various programs at universities and educational institutions aiming at professionals, online learning offers a viable option for continuing education. I have taken various MOOCs (massive open online courses) and based on both my observations and published studies,^{13,14} the majority of people taking these courses already have college degree (or higher) or are attending university.

This effort to "learn and relearn" on the part of the individuals is, however, the only significant change; I don't think we have made much progress toward an entrepreneurial society in other areas. The social innovations needed then, are still needed now. Mass layoff is still a problem, and the so-called "lower-paying jobs" could be taken over by computers and artificial intelligence. The *"systematic abandonment of outworn social policies and obsolete public-service institutions"* is yet to be organized.

The tasks considered "new" then, are still ongoing and difficult tasks now. Tax laws and regulations are getting increasingly complicated. At the time this essay is written, the U.S. Congress is considering a new business tax bill. With regard to tax laws in the past 35 years, Bobby Franklin, president of the National Venture Capital Association said in a statement: "...too often, tax policy overlooks the entrepreneurial ecosystem."¹⁵

On top of all this, the world is going through uncertain times. Sluggish economic growth, social unrest, the rise of nationalism and far-right politics, and an aging population all put enormous stress on the existing constitution. The brave entrepreneurs will still be moving forward with their ventures, but in order to usher in the entrepreneurial society, politics and policy play an important role. And for now it looks like world leaders have their hands full with other things.

5. It's the people that count.

The picture painted above is not rosy, but it's not a reason to be pessimistic. There are things that can be done, both short- and long-term. In the short term, new businesses could use some help in acquiring two important resources: capital and talents. Governments could make it easier for investors by reducing capital-gain tax on investments in startups encourage entrepreneurs by lowering tax on stock-options. Immigration laws should be reformed to facilitate the hiring of foreign talents. If budget allows, funding for small businesses such as the "Small Business Innovation Research" program should be expanded. Existing businesses could apply strategies to promote creative thinking and innovations like Amazon's *Just do it* prize or 3M's famous *15% rule*. A compensation plan that takes into account successful innovations and does not punish creative ideas would be one step further. The knowledge workers, the main drivers of innovations, have to do their part by continuously "learning and relearning" throughout their adulthood. And in fact, they should do this even without sparing a thought for

entrepreneurship; it's for their own good to adapt to this new and changing world, as Drucker stressed in his essay "Managing oneself".

In the long term, things rest on education. We need a new generation of leaders and policy makers with a different ideology and worldview in order to implement the right policies. The current world leaders are mostly in their 50-60s, not all of them are receptive to new things, and many might be attached to the old and obsolete policies and institutions. We need a generation of people with an entrepreneurial mindset, who are not change-averse, who possess the "*greed for the new things*" and for this to happen the school system has to change. We need to teach students to ask the right questions, not just to remember the given answers. When this generation takes over, they will transform both the economy and politics, they will create a world in which entrepreneurial thinking and actions are norm not the exception. Then it will truly be the time for the entrepreneurial society.

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