



What it takes to be a successful entrepreneur

When you are being hounded by the tax authorities because you can't pay your personal taxes, and when your company has just 30,000 euros left in the bank but is burning 200,000 euros a month - you don't really feel very successful. This was the situation Gilles Babinet experienced – many times, in fact. It's also a common occurrence in entrepreneurship, he said during his opening keynote address at the first INSEAD Global Entrepreneurship Forum.

The company was eventually sold for more than 100 million euros. “Real entrepreneurs turn setbacks into opportunities,” he says. “So when a client doesn't want your product, you can either think that your company is dead or that your product needs improving.”



Babinet, a serial entrepreneur has launched eight companies to date. The former Musiwave chief was involved in the emerging entertainment mobile market right from the start and is known in the industry to be a master at sniffing out a good idea, financing it and creating value for the company. Currently, he has no executive role in any company, and is a non-executive director in five.

The right team

Successful entrepreneurs are people who can put together teams with the right mix of talent and make them work together, especially in a fast-moving

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industry, says Babinet. “The people you bring on board will represent your company, share your vision, and complement your weaknesses. That is why you should not get people who resemble you,” he argues. They need to have different skills, and to increase the ‘human wealth’ of the company, they should also have different traits. In a start-up, every function is of utmost importance as negotiations with the bank or a marketing campaign can potentially bring about success or failure.



Peter Woolsey, CEO of The Euro Baltic Software Alliance group, who took part in session at the forum in which several entrepreneurs shared what they did right (or wrong) in business, agrees with Babinet that it is important to have the right team. “You need an ideas person - someone who is a dreamer and good at PR; an organiser who is also good at book-keeping and getting credit; and a salesman who can both sell anything to anyone and also make people pay.”

After graduating from INSEAD ('63) and Wharton ('66), Woolsey launched a series of 'free distribution' publications before switching to point-of-sale systems in 20 countries in 13 languages. He later launched one of the earliest outsourcing IT firms in Estonia.

Positive cash flow

The entrepreneur also needs an idea or product or service that ideally has, or can be made to provide, a positive cash flow with minimum downside risk, says Woolsey.



Anat Bar-Gera, a fellow member of the panel and co-founder of WiMAX Africa and several telecom start-ups with numerous successful exits, says that from the very beginning, the corporate culture of her company was one where they paid attention to costs. At the height of the internet bubble, it was normal for companies to raise millions and spend millions. "We were probably the only people in the industry who flew in economy class and that includes the CEO and chairman," she says. "In the end, the austere measures we took gave our company some extra months of life and also the support of our venture capitalists."

What happens when money runs out? Bar-Gera recalls that they got carried away with the internet craze and did not know the importance of generating cash quickly. "The business model assumed that we would be able to go back again and again to the financial markets and raise money. However, when the markets shut down – we had a problem. So you need to have a back-up plan in your business." Eventually, they decided to change the business model and develop the next generation product. As a result they were able to acquire paying customers, resulting in a healthier cash flow.

Timing

When asked during the session whether being in the right place at the right time matters to an entrepreneur, Woolsey quotes Seneca, the Roman philosopher, that luck is where opportunity meets preparation. In practical terms, timing is ensuring the market is ready and planning the launch to benefit from PR and free media. "You do what you

need to do locally but be ready to ratchet up nationally and globally if you get it right."

Market leader



Filipe Santos, Assistant Professor of Entrepreneurship at INSEAD, says that new ventures need to perfect their business model and become market leaders. This requires total focus and excellent execution. However, the successful business model tends to create the seed for failure due to cognitive lock-in and ingrained capabilities, and the entrepreneur is likely to miss the next wave of innovation. "My advice is to focus most energy on becoming the leader, while scanning innovations in the market, and moving quickly to acquire companies with competing business models."

The first INSEAD Global Entrepreneurship Forum was held at INSEAD's Europe campus in Fontainebleau on June 19-20, 2008.

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