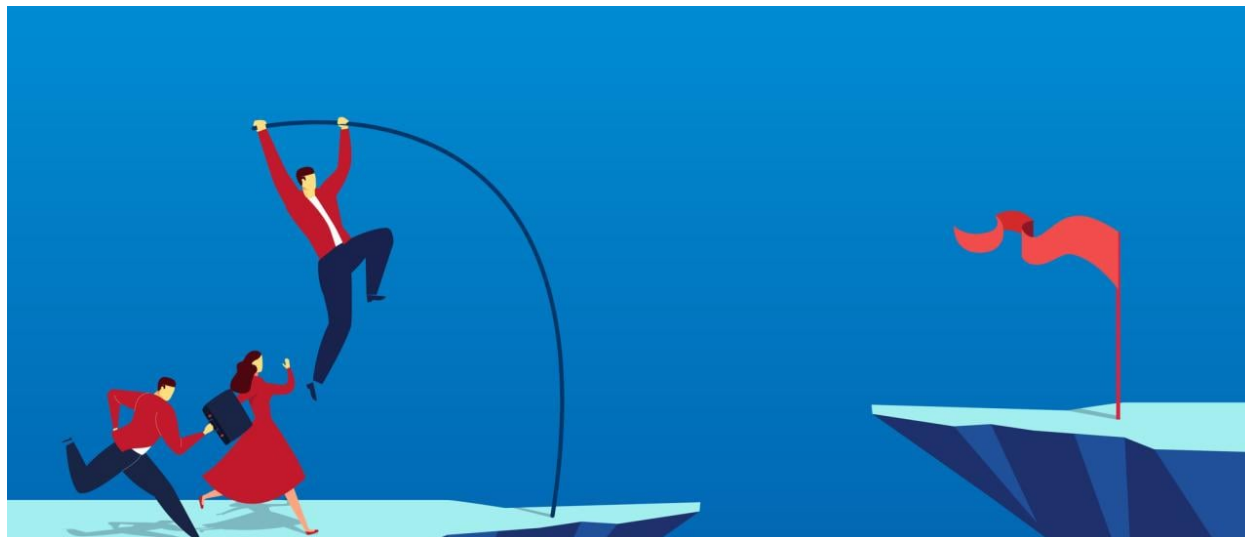

Making the Leap to Entrepreneurship



By Antoine Tirard (INSEAD MBA '97D), Founder, NexTalent; and Claire Harbour (INSEAD MBA '92J), Founder, Culture Pearl

Three former corporate executives who migrated to the start-up world share their stories and tips.

By some estimates, three start-ups are born every second. Disruption and the rise of the gig economy explain only part of this start-up mania. A growing disillusionment with corporate life is also a contributing factor. To illustrate this latter trend, we chart the path of three executives who have made the leap after a long corporate career.

Growing up in a comfortable, Dutch white-collar family did not predispose André, our first case study, to become an entrepreneur. His first job as a Volkswagen intern in Germany introduced him to the rigid and old-fashioned side of corporate life. After six months, he left to join a small company as its seventh employee, enjoying a great deal of freedom to create and innovate.

Unfortunately, this company went under. This led André to do an MBA at INSEAD, after which he took a job at an international consultancy, for both the range of work and the regular pay he needed as a new father. However,

he disliked the perspective of most of his clients and soon recognised that he was more of a doer than an advisor.

Following a brief stint as the co-founder of a venture capital firm that collapsed, André returned to the corporate fold, this time with Pon Holdings, a large Dutch IT company. He moved swiftly up the ladder, rising to CIO. While he appreciated the learning environment for almost a decade, he eventually moved to an American company, which proved a poor cultural fit.

After much meandering, André concluded that he needed a smaller, more entrepreneurial environment. He joined an IT business to consolidate his skills and get ready to launch his own enterprise. André spent the next two years in this “transition company”. Finally, an opportunity came on a silver platter. A close friend asked him to help brainstorm a business idea related to public cloud storage. This highly stimulating collaboration was pivotal in André’s decision to co-found Cambrian Technologies.

The founding duo agreed on crucial issues like cash flow and risk. With children in university, neither André nor his friend intended to live off pasta to make ends meet. This prompted them to adopt a pragmatic, hybrid start-up model: They split their time between cloud storage consulting (with no operating costs) and building their targeted offering (which requires significant outlays).

André is grateful for his earlier failure as a venture capitalist. That experience taught him the importance of having a proper financial plan. His advice to future entrepreneurs? Pre-empt cash flow issues and ensure self-sufficiency. He also recommends getting start-up experience as early as possible and using any failure as an opportunity to learn. Lastly, choose your people well – not only your colleagues but also your clients.

The survival instinct

More than 25 years in increasingly senior roles in multinationals based in the United States gave Ricardo ample financial security. The downside was a general anxiety and malaise linked to the heavy responsibilities he bore in a cutthroat corporate environment, where he felt the rug could be pulled from under him at any time.

At first, he enjoyed the glamour of international travel, but grew tired of spending his life on a plane. He also discovered that his global network

largely failed him in his home country, Spain, as local head hunters never thought of him. Eventually, an executive programme rekindled his dormant interest in entrepreneurship. Ricardo soon turned to friends and an increasingly broad network in search of *the* idea.

He came to believe that Spanish wines suffered from poor positioning and a lack of promotion in most export markets. On a flight, he found himself seated next to the CEO of a large Spanish wine producer who responded well to his ideas. Other chance discussions further persuaded him that Spanish wines were under-valued and under-distributed. By 2016, his business concept had made significant progress. Serendipity struck again: His corporate employer was bought out, providing him with an exit precisely when his tolerance for “the need to turn tricks just to stay alive” had reached its limits.

Even though he spent the bulk of his career in unwieldy corporations, Ricardo has always seen himself as an innovator and now feels more inspired than ever. “Before I was a drop in the ocean, now I am alive! I am out hunting and selling in the market. I have turned something into money. This is true value creation.” No more chasing dubious KPIs. He cannot afford to waste time. He may meet a CEO in the morning, but spend his afternoon fixing the printer and creating his own PowerPoint presentation.

“Survival is now about money, whereas it used to be about company politics,” he says. He echoes André’s advice for would-be entrepreneurs: Go for it once you can sustain yourself financially. He does some consulting on the side. Ricardo also highlights the need to choose the right partners to avoid disappointment. When in doubt, sub-contract the required skills instead of enrolling the wrong partner.

Never stop reinventing yourself

A true global cosmopolitan, Marie grew up on a farm in France. She completed her PhD in chemical biology in Singapore, before going to China to study its language and culture. She started her career with GE, as the first member of a new R&D team in China. Based in the U.S., her boss essentially told her: “You can do it – just go and figure it out”. In many ways, it was a lot like working in a start-up.

When Marie eventually transferred to the Boston office, a colleague commented that she was “way too entrepreneurial to be working at GE”,

which was true to a large extent. As she was contemplating leaving, serendipity stepped in: Her division was sold and in 2011, GE and Marie parted ways.

During a summer course on entrepreneurship, a private equity leader told her that with his children and hefty mortgage, his life did not allow much risk taking. He added: “You, however, are young, single and have no baggage. When do you think this situation is going to show up again in your life?” She then decided to take the plunge.

Marie saw that she was climbing a ladder, but not necessarily the right one. She went on to carry out a corporate transformation in Africa, before seeking the calm of Hawaii to write and reflect. Her next destination was Dubai, where she helped turn around a small education company. Later, an entrepreneur asked her to be the temporary CEO of his insurtech start-up, which she did with great success. After handing over the reins as agreed, Marie is now in New York, where she is consulting and building a new business to help companies and individuals find balance and alignment.

Her biggest tip: Ensure that your entourage is on board with your start-up. Entrepreneurs can be extreme individuals, always overflowing with ideas, so they need people around them to be the voice of reason.

7 dos and don'ts for would-be entrepreneurs

Do

1. Make sure your financial plan is realistic.
2. Experiment first – use failure as a teacher.
3. Choose your partners and clients well.
4. Ensure that your entourage is on board.
5. Prepare for the shock of losing your professional status.
6. Have a concrete plan to create cash flow early.
7. Anticipate hard times.

Don't

1. Put your family commitments at risk without careful consideration.
2. Be afraid to try.
3. Start without having a plan.

4. Expect to get the same level of support as you had in your corporate job.
5. Give up at the first sign of failure.
6. Panic and take on distracting work.
7. Be impatient – Have faith in your idea.

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