Answers to Questions in the Text

# Chapter 3: Developing an Entrepreneurial Mindset

## ENTREPRENEURSHIP IN ACTION

### Robert Donat, Founder & CEO, GPS Insight

1. In what ways do you see mindset, or mental attitude, playing a role in Robert Donat’s success?

Sample answer: Rob Donat’s mindset, or mental attitude, played a critical role in Rob Donat’s success. Like many entrepreneurs, Donat’s success was not realized overnight. It required an enormous up-front investment on his part, and continual faith that with the right attitude and tools—including a strong work ethic—*GPS Insight* would eventually succeed. Despite all this, his success was still not guaranteed. With his education and background, there were other, safer options he could have pursued in his career. Despite this, he decided to take the “Road Less Traveled,”—as virtually all entrepreneurs must—as his personal road to success. Once he made his decision to do so, his cultivation of the right mindset and mental attitude became a critical component of his success.

1. 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?

Sample answer: Answers will vary subjectively from student to student. It can be pointed out, however, that a good understanding of the industry in general (i.e., the success curve and other variables of Donat’s competitors) would be very helpful to making wise decisions. Concepts such as positive mental attitude, having the right mindset, and developing entrepreneurial patience could also be brought into the discussion since such things can help an entrepreneur persevere through initial setbacks and anxious periods of time spent in the fiscal “Red.” It is clear that Donat’s mindset was one of optimistic faith in his own vision for growth and success. Once again, in his own words: “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.” Fortunately, his vision proved sound, thereby fully vindicating the faith he had in both himself and his company.

1. Do you agree that a budding entrepreneur should wait and accumulate experience working for others before starting an entrepreneurial venture? Why or why not?

Sample answer: Answers will vary subjectively from student to student. It could be argued that generally speaking, previous experience tends to be a significant benefit to any entrepreneur once he or she has gone off on his or her own. It could also be argued, however, that time spent “getting experience” working for someone else’s venture is time that could perhaps be better spent building your own dream. Effectively balancing these two variables becomes a vital point of decision-making for any entrepreneur. As such, the subject of “opportunity cost” of gaining more experience versus diving in headlong into one’s own venture should be a point of continual discussion throughout the decision-making process. While it can be entrepreneurially unwise to launch your own venture before you possess sufficient knowledge and experience, if you wait too long to begin your venture, you may never become an entrepreneur at all.

# Study on Luck

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?

Sample answer: Answers will vary from student to student in conjunction with each student’s individual perception of the so-called “good” and “bad” luck of whatever entrepreneur he or she chooses to profile for this question.

It should be emphasized, however, that “good luck” and “bad luck” are usually little more than labels assigned to occurrences or events based on our own short-term perceptions of those events or occurrences. The passage of time often changes such perceptions, and sometimes significantly so. In other words, what may appear to be “bad luck” today might turn out to be “good luck” tomorrow, or a year from now, or 10 years from now—and vice versa. Thus it is that the legendary Country Music star, Garth Brooks, once famously sang: “Sometimes I thank God for unanswered prayers.”

1. 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.

Sample answer: Answers will obviously vary from student to student. Discussion, however, should focus on the reality that what we often refer to as “good luck” or “bad luck,” are merely immediate perceptions or interpretations of a temporary series of events. Over time, these perceptions can change drastically, thereby undermining—or even nullifying—previous labels we may have attached thereto. As such, effective entrepreneurs tend to harbor the paradigm that, “I ultimately make my own luck” by what I think about, say, and do each day, as well as by the habits I cultivate over long periods of time.

1. 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?

Sample answer: Answers will vary from student to student. Emphasis, however, should be given to the notion that what we actually think about, say, and do (and fail to think about, say, and do) *today* is likely to have a huge impact on whatever perceived “luck” we will experience in the future.

# Mindshift: What Does Your Mindset Say About You?

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?

Sample answer: Answers will vary from student to student. Discussion should focus on how perceptions or paradigms may have shifted somewhat from “existing assumptions and beliefs” and the reason for that shift (i.e., the recognition that there is more than one way of looking at something—something that would have become more conscious for students by virtue of this exercise).

1. Did you learn anything about yourself that was unexpected or surprising?

Sample answer: Answers will vary from student to student. Ideal lessons learned should involve positive shifts of personal perspectives and paradigms.

1. 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?

Sample answer: Answers will vary from student to student. Some benefits include a greater consciousness and awareness of one’s own thought processes, patterns, perspectives, and paradigms. Other benefits might include learning to better focus one’s thoughts for purposeful direction as well as generating ideas for how one might meaningfully impact or become an agent of positive change in one’s environment.

# Entrepreneurship Meets Ethics: Stakeholder Relationships and Trust

1. Critique the argument that entrepreneurs should establish trust with their stakeholders by modeling ethical behavior. Give some examples supporting your position.

Sample answer: In many, if not most, cases, entrepreneurs end up serving as executives of their company or organization. Such positions usually come with power, authority, and prestige that employees typically lack. This makes an entrepreneur a leader and role models within one’s organization—whether he or she likes it or not.

Trickle-down morality is nearly inevitable in an organization. As the English poet Geoffrey Chaucer put it, “If gold rust, what shall poor iron do?” (The Canterbury Tales). If you want to be trusted as an entrepreneur, and if you desire dependable, trust-based relationships with your stakeholders, employees, and competitors, then you really have no choice but to be honest and trustworthy in your own personal and professional conduct. While honest and trustworthy actions by an executive will not always guarantee honest and trustworthy actions by subordinates, it increases the odds that they will be.

1. 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?

Sample answer: Answers will vary from student to student. Since most students are likely to answer, “Yes,” to this question, and since it is a good standard operating procedure (SOP) to develop and do business by such codes, some ethical practices to consider might include the following:

* Circumspect trustworthiness in everyday speech and action—and consequences for failing to abide thereby
* Policies regarding confidentiality
* Rules that regulate the giving and receiving of gifts and favors
* Procedures governing hiring, retention, ranking, discipline, and termination (including issues surrounding nepotism)
* Drug use/abuse prohibitions
* Etc.

1. What would you do if a supplier sent a private jet to bring you to the supplier’s corporate headquarters to inspect the factory?

Sample answer: Answers will vary from student to student. While the private jet scenario initially sounds like something that could potentially be unethical, it could also be entirely legitimate. The ethicality or unethicality of this situation (and others like it) depends on the general mores of the industry in conjunction with the specific policies and procedures (P&Ps) of the companies involved. If a given scenario is in harmony with mores and P&Ps, it is simply a matter of following SOP. If, on the other hand, an act of generosity or luxury supersedes the same, questions of ethicality should be addressed early and consistently to avoid unethical behavior that could lead to lost business, legal troubles, or both—not to mention the stain on the integrity of the offending party or parties.

# Summary Questions

**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 are more likely to pursue the right activities to make that happen.