



## Stanford eCorner

### What are the Best Qualities of Successful Entrepreneurs?

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According to Kaplan the best qualities of successful entrepreneurs are: 1) They believe that they can make a difference. 2) They have a passion for making things happen. They don't just sit around talking, they go out there and make it happen. 3) They have unjustifiable optimism. They believe they can succeed in the face of evidence proving the contrary. 4) Tolerance for uncertainty. 5) Genuine concern for other people.



#### Transcript

So what are the best qualities of successful entrepreneurs? The most important quality that I've seen is a belief that you can make a difference. Now, that may sound obvious in some sense but you'd be surprised most people don't think they really make a difference. It's not important, folks. It's not important to try. Actually, most people in this room, probably not in that group, you have to try hard to get to sit where you are. I have to wait 20 years for them to build it up. But you have to believe that you really can make a difference in the world, and that you're going to try to make a difference. And that's one of the most common characteristics I've seen of successful entrepreneurs. The second is, what I might call an action-wise, a passion for going and making things happen. Now, I was at Stanford.

I was at the University of Pennsylvania, probably few other places that I've logged onto my memory after years of therapy, but maybe the people that I met in those places really just sat around and knew things. And I found that I've grown to a point where I don't really respect knowing things. Being smart is not a good thing. It's doing things that matters. So I don't care how many degrees you have; I don't care how many courses you've taken; it's almost worse if you get that education or know things and you don't take action and put that to work and try to do something valuable with that information. And the entrepreneurs are the ones who say, "I'm going to go put on a play. I'm going to make it happen." That is the second most important characteristic. They just don't like sitting around and discussing. They like getting out and doing. I've often thought of myself as, self-described myself as an industrial pyromaniac.

I like to burn up businesses, burn up markets with new ideas and different ideas that change the world. Sometimes you just wind up with a pile of debris but it sure is fun trying. Also in this category is a subtle concept that I would call urgent patience. And it sort of brings to mind the story of a fellow who was a gardener at a large estate in England many, many decades ago. And the owner of the estate came over and said, "I thought you were going to plant an apple tree over here." And he said, "What's your rush? It's going to take a hundred years for that tree to grow." And he said, "Well then, you better get started right now." That's the attitude that I think is important for entrepreneurs to have, that action-wise. The third is unjustifiable optimism. You have to believe that you can succeed at what you're doing in the face of large evidence to the contrary, and lots of people telling you, "That's ridiculous! Don't even try." If I had listened to all the people that told me, "You're going to do auctions in the Internet? What does that mean? That's crazy!" I never would have gone to business. In fact, the guy who is speaking on, was it Saturday? Friday? Jeff's coming? Jeff is a very interesting guy. He was a man for the times in one very interesting respect. Jeff

had the advantage of having no business experience whatsoever.

So he had no fear at all. He would just leap and jump to things he was doing back in 1997 when I started Onsale, he started Amazon, and some other people are starting companies. I mean, we would look at him and go, "This guy is nuts!" You know, you'd have to be just kamikaze to do some of the things that, he would make deals on the assumption that he would raise money to pay for it later. Now, unfortunately, those of us who had business experience were hampered by that experience because he was exactly the right guy at the right time. And it was precisely that recklessness that was the key element of Jeff's success along with his intelligence and his understanding of the market and his drive, and other little things like that. The fourth characteristic that you need is a tolerance for uncertainty. Now, the thing about starting a company is that there's always too many variables to control. There's never enough information, never enough time to look into the things that you need to do. And you'd be surprised it's very stressful for most people to live in circumstances of total uncertainty. Are you going to have a test tomorrow? Are you going to sign for this class? Are you going to get into the school you want to go to? Whatever it is, any kind of uncertainty, sometimes you'd feel better just knowing the answer even if it's "No." Well, a good entrepreneur tolerates uncertainty very well.

And it's just a personality trait and a skill when you go to bed at night not knowing how things are going to turn out in the morning, and you feel fine about it. The fifth and last of the qualities that I've seen in successful entrepreneurs is a genuine concern for other people. What this creates is a reserve of goodwill among the people around you so that they're willing to work hard and give a little extra because they know that you care about them and what they're doing. The best entrepreneurs genuinely care about the people who work in their companies and about their customers. And you can't fake that kind of thing. That's one of the best characteristics that I've seen in successful entrepreneurs.