

INDEX

A

Adam (composite character):
 confrontation feared by, 25, 213; as
 entrepreneur vs. entrepreneurial
 leader, 6; as example of successful
 entrepreneur forced out of company,
 1–4; improved relationship-building
 skill needed by, 68–70; new
 enterprise founded by, 214–215; self-
 awareness of, 7; self-examination by,
 211–214, 216

AppNexus, 17–18, 20, 28, 30

Arun (composite character): failed at
 crisis leadership, 199, 200, 201,
 203–204, 206, 207–209; and
 organizational structures at various
 stages, 156, 157, 158, 159–160, 161;
 uncontrollable organizational
 structure established by, 151,
 152–155; work history of, 146–151

AutoSyringe, 83–84

B

Blank, Steve, 136

Board of advisors, 116

Board of directors (BOD), tips on
 leading, 189–194

Broadcasting, communication vs., 72

Burt (composite character), hiring and
 firing by, 172, 173–174

Business Model Generation (Osterwalder
 and Pigney), 136

- Business strategies, 145

C

Capabilities: defined, 23–24; match
 between industry and, 31. *See also*
 Motivations; Skills; Traits

Causal processes, 136–137

Causal strategies, 132–133

Change: of enterprise under leadership
 of EL, 48; fear of, 94, 97–98; of
 formal vs. informal organizational
 structures, 155; prerequisites for (five
 ducks), 99–102, 236, 244n2(ch6);
 shared objectives as, 53–54, 233. *See*
also Leading change

Changing yourself, required for
 entrepreneurial success, 20, 22, 216

Chipotle, 51

Cisco, 144

Communication, 71–77; with board of
 directors, 193–194; broadcasting

- Communication: (*continued*)
 vs., 72; competitive, 74–75;
 cooperative, 73–74, 75; as element
 of relationships, 71–72;
 implemented through software,
 161–162; listening and, 72–73;
 manipulative, 74–75; overcoming
 biases in, 75–77; as prerequisite for
 change, 100–101, 236; as
 prerequisite for crisis teams,
 206–208; team failure due to lack of,
 185–186
- Companies: buying innovation,
 144–145; mistakes made in fostering
 innovation, 48–49; with R&D
 departments, 144. *See also*
 Enterprises
- Competition: academic research on,
 243n4(ch4); benefits and costs of,
 59, 234; communication
 characterized by, 74–75; defined, 58,
 233; overt vs. covert, 59–60;
 prevalence of, 58; results achieved
 with, 58–59; as taking precedence
 over cooperation or retreat, 55–56;
 when to use, 60
- Competitive relationships, 54, 233,
 234, 243n2(ch4)
- Competitive shared objectives, 54
- Comprehension: as prerequisite for
 change, 99, 236; as prerequisite for
 crisis teams, 205; team failure due to
 varied, 181–182
- Confinity/PayPal: crisis leadership at,
 199–200; effectual model used for,
 133; enterprise strategy of, 130–132;
 stages one and two repeated by, 131,
 132, 138–139
- Cooperation: academic research on,
 243n4(ch4); benefits and costs of,
 56–57, 233–234; communication
 characterized by, 73–74, 75;
 competition or retreat taking
 precedence over, 56; defined, 56,
 233; prevalence of, 56; when to use,
 57–58
- Cooperative relationships, 54,
 233–234, 243n2(ch4)
- Cooperative shared objectives, 54
- Crises: importance of identifying,
 199–201; inevitability of, 197–198;
 learning lessons from, 199, 208–209,
 239
- Crisis leadership, 197–210; literature
 on, 198, 245n1(ch12); phases of,
 198–199, 239, 245n2(ch12);
 self-awareness needed for, 200–202;
 time in EL's schedule for, 209–210
- Crisis teams, 202–208; crisis leader
 failing due to not forming, 203–204,
 207–208; ducks (prerequisites) for,
 202, 205–208; size of, 202–203;
 ultimate minimum objective
 (UMO) for, 204–205
- Culture: defined, 36, 226; as element of
 enterprises, 36–37; organizational
 structures and, 151; supporting
 innovators and efficiency improvers,
 91–92
- Customer validation. *See* Stage one
 (customer validation)
- ## D
- DEKA, 84, 86–87
- Dell, 51
- Ducks (prerequisites): for change,
 99–102, 236, 244n2(ch6); for crisis
 teams, 202, 205–208
- ## E
- Effectual processes, 137
- Effectual strategies, 132–134
- Emotional intelligence (EQ), 27,
 242n5(ch2)
- Emotions: control of, 27–28,
 242n7(ch2); handling, of team
 members, 186–189; and shared
 objectives, 54; transfer of, in
 communication, 71, 72, 73, 74, 75
- Employees: firing, 164, 173–174;
 lacking respect for each other,
 70–71; number of startups with, ten
 years after founding, 240n4. *See also*
 Hiring; Motivating others
- Enterprise basics, as skill necessary for
 ELs to master, 8, 29, 218, 225

- Enterprise maturity. *See* Stages of maturity of enterprises
- Enterprises: common reasons for failure of, 11–12; cultures of, 36–37; defined, 8; measures of value created by, 243n6(ch3); projects vs. processes of, 34–36, 242n3(ch3); role of people in, 37; transforming ideas into reality, 221. *See also* Companies; Startups
- Entrepreneurial leaders (ELs): developing skills of, 7–8; enterprise maturity stages understood by, 6–7; enterprise self-sustainability attained by, 5; enterprises changed under leadership of, 48; entrepreneurs vs., x, 6, 240n4; selfishly helping others, 215–216. *See also* Entrepreneurs
- Entrepreneurial leadership skills. *See* Skills
- Entrepreneurial strategies, 129–145; basic questions for determining, 134–136, 237–238; business strategies vs., 145; causal, 132–133; of Confinity/PayPal, 130–132; effectual, 132–134; entrepreneurial vs. business, 145; importance of organizational structures for implementing, 146; need for understanding, 11–12; objectives of, 129; processes used to produce, 136–137; stages of enterprise maturity as determining, 137–145
- Entrepreneurial success: changing yourself required for, 20, 22, 216; founder removal and, 4, 241n2(ch1); ideas inadequate for, 1; selfishness required for, 13, 217; self-sustainability as standard for, 5
- Entrepreneurs: author's interest in, xi; defined, 5, 241n3(ch1); entrepreneurial leaders (ELs) vs., x, 6, 240n4; intense passion to be, 32; lacking knowledge of what it takes to succeed, 4–5; number achieving self-sustaining enterprises, 6; number of people attempting to be, 5, 240n2, 241n3(ch1); profiles of, 30, 242n8(ch2); remaining in business for more than five years, 5. *See also* Entrepreneurial leaders (ELs)
- Excellence in Training (EIT): anxiety about making changes at, 96–98; change implemented at, 110–111; crisis avoided at, 200; explaining importance of change at, 102–104; founding and early years of, 94–96; prerequisites for change at, 99–102; working with team at, 104–110
- ### F
- Failure: common reasons for, by entrepreneurs, 127; defined by core motivations, 115–116; due to fantasy strategies, 11–12; in leading change, 111–112; skills learned after, 120–121
- Family: on board of directors, 191; investment in entrepreneurial ventures by, 51–52; relationship building in small business owned by, 50–53, 63–67
- Fear: of change, 94, 97–98; of confrontation, 25, 213; of firing employees, 173; overcoming, to influence motivations, 25
- Financial validation. *See* Stage three (financial validation)
- Firing: importance of effective, 164; process for, 173–174
- Five Factor Model of personalities, 242nn6–7(ch2)
- Founders, removed when startup succeeds, 4, 241n2(ch1)
- ### G
- G2 Solutions, 214–215
- Gale Solutions, 2–3, 211–214, 216
- Glover, Nick, 37, 42–43, 44
- Goldstein, Kurt, 244n5(ch5)
- Google, 92
- Grove, Andy, 198
- ### H
- Hiring: example of initial, by entrepreneur, 164–168; importance of effective, 164, 174–175; as process, 171–173; reasons for risk in,

Hiring: (*continued*)
 170; revised practices for,
 168–169, 170–171
 Huddles, 156
 Hughes, Howard, 126

I

Ideas: finding, 219–220; inadequate for success, 1; transforming, into reality, 221
Inc. 500 companies: failing in stage three, 158; growth pattern of, 240n3; Kauffman Foundation study of, 47–48
 Innovation: big companies' mistakes in fostering, 48–49; companies buying, 144–145; R&D departments for, 144
 Innovator's dilemma, 49
 Intelligence quotient (IQ), 27, 242n5(ch2)
 International Rectifier (IR): author's early experiences with teams at, 176–178; basic information on, 245n1(ch11); failure of team at, 180–186; learning to motivate teams at, 178–180; resolving problem of team member's emotions at, 188–189
 Investors: family members as, 51–52; professional, 4, 191, 192, 193, 241n2(ch1)
 iSupply, relationship building at, 77–82

J

Jennifer (composite character), hiring turned into process by, 171–172, 173
 Job creation, by entrepreneurial enterprises, x
 Jobs, Steve, 241n3(ch2)
 Joe (CFO of iSuppli), building relationship with, 80–82
 Jon (composite character): anxiety about making changes, 96–98; created board of advisors, 116; crisis avoided by, 200; determined prerequisites for change, 99–102;

explained importance of change, 102–104; founding and early years of training company of, 94–96; learned how to change, 98–99; learned skills after failure, 120; master-level skill of, 119; successful at leading change, 110–111; worked with team to put prerequisites in place, 104–110

K

Kamen, Dean, 244n3(ch5);
 entrepreneurial history of, 83–85; huddles liked by, 156; motivation not mastered by, 119; success and problems in motivating employees, 86–89
 Kauffman Foundation, 47–48
 Keri (composite character): assessed skills, 120, 121; best-in-class paper design skills of, 120; determined core motivations, 114–115; drafted personal leadership strategy, 122–123; inventoried traits, 117–118; lined up mentors, 116; work history of, 113–114
 Kopp, Wendy: as accomplished entrepreneurial leader, 33, 242n1(ch3); causal and effectual strategies used by, 132–133; causal process used by, 136; entrepreneurial journey of, 34; entrepreneurial strategy of, 140, 142–144; huddles liked by, 156; knowledge lacked by, 37; learned skills after failure, 120; master-level skill of, 119; *One Day, All Children*, 39, 242n1(ch3); and problems in stage two of TFA, 41–43; and stage one of TFA, 39–40; and stage three of TFA, 44–46; and stage four of TFA, 48; transition from stage three to four successfully managed by, 92

L

LA2nite, 18–19, 20, 28
 Larry (composite character), and relationship building in small family business, 50–53, 63–67

Laura (composite character), and relationship building in small family business, 50–53, 63–67

Leadership. *See* Crisis leadership; Personal leadership strategy (PLS)

Leadership team, 157

Leading change, 94–112; example of success due to, 94–99, 101–111; and explaining importance of change, 102–104; failure common in, 111–112; and fear of change, 94, 97–98; and learning how to change, 98–99; prerequisites (five ducks) for, 99–102, 236, 244n2(ch6); as skill necessary for ELs to master, 8, 29, 218, 225; unrecognized need for, 94–96; working with team to put in place prerequisites for, 104–110

Leading teams. *See* Crisis teams; Teams

Lean Startup, The (Reiss), 136

Learning Project, *The*, 44, 45, 142

Levchin, Max, 244n1(ch8); crisis leadership by, 199–200; effectual model followed by, 133; strategy shifts by, 130–131, 139

Listening, communication and, 72–73

Lloyd (COO of iSuppli), building relationship with, 77–82

M

Manipulation, communication as, 74–75

Maslow, Abraham, 85, 244n5(ch5)

Mead, Margaret, 243n2(ch4)

Mental focus, ability to maintain, 27

Mentors, 116

Michael (composite character), relationship building in small family business, 50–53, 63–67

Microsoft, 51

Motivating others, 88–93; at different stages of enterprise maturity, 88–93; example of engineer with skill in, 83–85, 86–88; self-actualization and, 85–86; as skill necessary for ELs to master, 7, 29, 218, 225; on teams, 178–180, 182–183

Motivations: common, of ELs, 21–22; for daily actions, 24–25; defined, 223; determining your true, for becoming EL, 22–23, 114–116, 241n3(ch2); intrinsic, 85, 244n4(ch5); of members of board of directors, 191–192; as not industry-specific, 31–32; as prerequisite for change, 99, 236; as prerequisite for crisis teams, 205; self-reported, of ELs, 241n2(ch2); strong, required to become EL, 20–21

Myers-Briggs Personality Type Indicator (MBTI), 26, 76–77, 117, 118, 242n6(ch2)

N

Nate (composite character): feared firing employee, 173; initial hiring by, 164–168; revised hiring practices of, 168–169, 170–171

New Teacher Project, 48

O

Objectives: of entrepreneurial strategy, 129; ultimate minimum objective (UMO) for crisis teams, 204–205. *See also* Shared objectives

O'Kelley, Brian, 241n1(ch2); entrepreneurial history of, 17–20; evolution of motivation of, 20–21; learned skills after failure, 120; mitigated troublesome traits, 28; skills of, 29–30, 120

One Day, All Children (Kopp), 39, 242n1(ch3)

Only the Paranoid Survive (Grove), 198

Operational validation. *See* Stage two (operational validation)

Organization charts, 151, 154, 159

Organizational structures, 146–163; enterprise software as, 158; example of uncontrollable, 146–153; formal vs. informal, 151–152, 153–154; importance of design of, 146; for stages of enterprise maturity, 155–163

Osterwalder, Alexander, 136

P

PayPal/Confinity: crisis leadership at, 199–200; effectual model used for, 133; enterprise strategy of, 130–132; stages one and two repeated by, 131, 132, 138–139

People, role in enterprises, 37

Personal leadership strategy (PLS), 113–126; determining core motivations step, 114–116; drafting, 121–126; getting mentors step, 116; online outlines for, 244n2(ch7); purpose of, 11, 113, 218; skills assessment step, 118–121; trait inventory step, 117–118

Physical stamina, 27

Pigney, Yves, 136

Processes: causal, 136–137; defined, 34, 226; effectual, 137; as element of enterprises, 34–36; other terms for, 242n3(ch3); projects vs., 35, 226–227

Professional investors. *See* Venture capitalists

Projects: defined, 34, 226; as element of enterprises, 34–36; processes vs., 35, 226–227

Q

Questions: for determining entrepreneurial strategies, 134–136, 237–238; open-ended, 75

R

R&D departments, 144

Reiss, Eric, 136

Relationship building, 50–82; and categories of relationships, 56; communication and, 71–77; defined, 68, 234; EL needing to improve skill in, 68–70; example of, 77–82; with only a few people at a time, 82, 244n2(ch5); by shifting shared objectives, 61–67; as skill necessary for ELs to master, 7, 29, 68, 218, 225; in small family business, 50–53; strategy for, 61, 234–235

Relationships: categories of, 54–55, 233–234, 243n2(ch4);

communication as element of, 71–72; with other than people, 243n3(ch4); precedence among categories of, 55–56, 243n4(ch4); reporting, as stage three organizational structure, 159–162; shared objectives as foundation of, 53–55. *See also* Competition; Cooperation; Retreat

Resources: misaligned, as reason for team failure, 184–185; as prerequisite for change, 99, 108–109, 236; as prerequisite for crisis teams, 206

Respect, 70–71

Retreat: academic research on, 243n4(ch4); benefits and cost of, 60, 61, 234; defined, 60, 233; as taking precedence over cooperation, 56; when to use, 60, 61

Retreating relationships, 54, 233, 234

Retreating shared objectives, 55

Right Media, 17, 19, 30

Roehling, Washington, 126

S

Sales teams, tips on leading, 194–196

Segway, 87–89

Self-actualization, 85–86, 244n5(ch5)

Self-awareness: as foundation of EL skill set, 7; needed for crisis leadership, 200–202; as skill necessary for ELs to master, 7, 29, 217–218, 225

Selfishness: balancing selflessness and, 8, 21–22, 153; helping others as, 215–216; as requirement for entrepreneurial success, 13, 217

Selflessness: balancing selfishness and, 8, 21–22, 153; need for, 13

Self-sustainability. *See* Stage four (self-sustainability)

Shared objectives: categories of, 9–10, 54–55; defined, 53–54, 233; examples of classic, 54; as foundation of relationships, 53–55; shifting, to build relationships, 61–67

- Skills: assessing, when creating personal leadership strategy, 118–121; defined, 24, 223; developing, 29, 30–31; levels of proficiency of, 28–29, 119–120, 223–224; necessary for ELs to master, 7–8, 15, 29, 217–218, 225; options if incapable of mastering fundamental, 125–126; as prerequisite for change, 99, 105–108, 236; as prerequisite for crisis teams, 205–206; researching necessary, 30, 242n8(ch2); specific, needed for particular types of businesses, 29–30; team failure due to missing, 184. *See also specific skills*
- Software, 158, 161–162
- Spring Market Ventures, 148, 149, 155
- Stage one (customer validation): description of, 38–40, 228–229; entrepreneurial strategies for obtaining, 137–139; motivating employees in, 89; organizational structures for getting, 155–156
- Stage two (operational validation): description of, 41–43, 229–230; entrepreneurial strategies for implementing, 139–141; motivating employees in, 89–90; organizational structures for implementing, 156–158
- Stage three (financial validation): description of, 43–46, 230–231, 243n6(ch3); entrepreneurial strategies for obtaining, 141–143; motivating employees in, 90–91; organizational structures for obtaining, 158–162
- Stage four (self-sustainability): criteria for, 5–6; description of, 46–49, 231–232; entrepreneurial strategies for obtaining, 143–145; motivating employees in, 91–92; organizational structures for obtaining, 162–163; as standard for entrepreneurial success, 5; startups never reaching, x, 240nn3–4
- Stages of maturity of enterprises: big companies and, 48–49; entrepreneurial strategies determined by, 137–145; getting through, as objective of entrepreneurial strategy, 129–130; literature on, 242n4(ch3); motivating employees and, 88–93; necessity of understanding, 6–7, 37–38; organizational structures for, 155–163. *See also* Stage one (customer validation); Stage two (operational validation); Stage three (financial validation); Stage four (self-sustainability)
- Startup Owner's Manual, The* (Blank), 136
- Startups: challenge of leadership of, ix–x; common growth pattern of, x, 240n3; with employees ten years after founding, 240n4; never reaching self-sustainability, x, 240nn3–4; success of, and removal of founders, 4, 241n2(ch1)
- Strategies. *See* Entrepreneurial strategies
- Success. *See* Entrepreneurial success
- T**
- TEACH!, 44, 45, 48, 142
- Teach For America (TFA): causal and effectual strategies used for, 132–133; founding and success of, 33; stage one (customer validation) of, 39–40; stage three (financial validation) of, 44–46, 243n6(ch3); stage four (self-sustainability) of, 48; stage two (operational validation) of, 41–43; successful management of transition from stage three to four of, 92
- Teams 176–196; board of directors as, 189–194; example of reasons for failure by, 180–186; handling strong emotions of members of, 186–189; importance of skill in leading, 176; leadership, 157; learning to motivate, 178–180; sales, 194–196;

Teams: (*continued*)

situation not requiring, 176–177;
as stage four organizational
structure, 162–163. *See also* Crisis
teams

Testor, 146–148

Thiel, Peter, 244n1(ch8); crisis
leadership by, 199–200; effectual
model followed by, 133; strategy
shifts by, 130–131, 139

3E: failed crisis leadership at, 199, 200,
201, 203–204, 206, 207–209;
leadership in stages one and two of,
149–151; organizational structures
in various stages of, 156, 157, 158,
159–160; uncontrollable
organizational structure established
at, 152–155

3M, 92

Traits: defined, 24, 223; determining
your, 26–28, 242nn5–7(ch2);

inventorying, 117–118; mitigating
troublesome, 28; and skill
development, 29

Turner/CNN, 51

Twelfth Sense, 166–167, 168

U

Ultimate minimum objective (UMO),
204–205

V

Value: finding ideas that create,
219–220; selfishness and, 217

Venture capitalists: on board of
directors, 191, 192, 193; taking
money from, and removal of
founders, 4, 241n2(ch1)

Vision, selfishness and, 217

Y

Yahoo, Right Media bought by, 17, 19