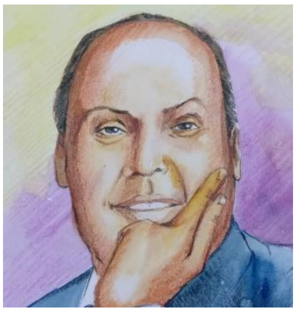
Note 3: 07.01.2022

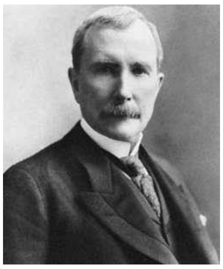
Myths about Entrepreneurship and the Myths Busters

We form opinions based on hearsay or our own convenient explanation of events, mostly without validation. Whenever many people share the same view or belief on an event or issue, it becomes a generalized belief. These are myths, and many are not near to facts. Myths about entrepreneurship and entrepreneurs abound, and they are mostly on the dispiriting side. Facts around successful entrepreneurs have busted them all over and over again. However, many people have a natural tendency to trust myths. Myths around entrepreneurship are mostly demotivating, and they scare first-generation wannabe entrepreneurs preventing them from dreaming of creating their own ventures.

As a child, Dhirajlal Hirachand Ambani came to be popularly known as Dhurubhai Ambani, who began his life in a humble family background but went on to create the largest enterprise in our country. Today, Reliance Industries alone contributes about 10% (perhaps more) of the indirect tax revenue of our country. Narayana Murthy – co-founder of Infosys, Sunil Bharti Mittal of Airtel, Sabir Bhatia of Hotmail, and many other great entrepreneurs had no family business credentials. They all started from humble beginnings backgrounds. These entrepreneurs have busted the beliefs (myths) that entrepreneurs are born and not made, or one needs significant capital to start a business.



Andrew Carnegie, John D. Rockefeller, and Steve Jobs grew up under unprecedented miseries. Steve Jobs could not continue his studies for want of money, used to manage free foods from local 'Hare Krishna' temple to escape starvation, and collected used beverage cans to exchange them for some change (the likes of rag pickers). All these people and many others created great companies and immense wealth. Oprah Winfrey grew up in abject poverty. Her mother used to stitch her school dress with potato sacks. She has risen like a phoenix from ashes to be an exemplary star and is one of the most respected, envied, and emulated role models of all time. These entrepreneurs have shattered many myths. These include 'you don't need millions to create new ventures,' 'you don't need a business background,' 'you don't have to resort to deception to be successful,' 'you can learn many tricks of entrepreneurship,' and that 'you can start at any time of your career.'



Successful entrepreneurs share one unique trait. They can identify opportunities in adversities. They acknowledge that great opportunities are associated with significant risks. If one can get to grips with the risks, s/he can create above-normal returns. But some people misunderstand this philosophy and think that entrepreneurs LOVE chances—a myth. Factually, entrepreneurs are not averse to taking CALCULATED risks. For, if an opportunity without risk appears to exist, rest assured, there is more to it than meets the eye. If someone offers you to pay 30% interest on your money at a time when the regular interest rates on bank deposits are well below 10%, it must be a Ponzi scheme. Many of us invest our hard-earned money with such schemers without questioning why a person would pay such high interest when s/he can borrow from a bank at a far lower interest rate. You are almost sure to lose your money if you lend it to such a person. This is one example of seemingly high returns associated with high risk. In cases like this, you have no control over the person to ensure timely repayment of principal or interest.

Let us look at the above story in a slightly different context. Say you are mindful of the possible default by such individuals or enterprises. But you are attracted by the huge potential returns. So, you want to make it a secured deal so that you have something to fall back upon to exert pressure in the case of default. What are the options? You can ask the proposer (the individual or enterprise asking for your money) to offer you some security in the form of a mortgage (say you obtain a title deed of a house or landed property and keep it with you) or a personal guarantee of a person whom you can trust or any other fungible security. In case of default, you can now sell the security to recover your money. There will be a greater chance of the persons trying their best to return you the money with interest as promised. Thus, you earn an above-average return on your money at a reduced risk.

Entrepreneurs are circumspective and not gullible/susceptible to hearsays. They can assess the possible risks, come with ideas to mitigate them, and make an informed decision. In the face of adversities, many would run for cover due to fear. In contrast, entrepreneurs would find a way to alleviate the risk, develop solutions and come up with a winning business proposition.

Today's News

India has the second unicorn of 2022.

Fractal (fractal.ai), an Artificial Intelligence and advanced analytics solutions firm, has raised $360 million from global investment firm TPG, at a $1billion valuation, making it the second unicorn of 2022 after Mamaearth.

"We continue to see great momentum in how clients are leveraging AI to accelerate digital transformation. Fractal is building a great workplace and an innovative culture that's driving significant client outcomes through our' user focused, decision-backwards' approach to solving problems," said Srikanth Velamakanni, co-founder & Group CEO, Fractal said.

Srikanth Velamakanni, co-founder & Group CEO, Fractal