

BILL AULET: I want to talk about the six myths that people have about entrepreneurs, which are not only not true but not helpful. And, as we think about this and think, in looking through as to how we're going to educate you to be an entrepreneur, it's important to understand these six myths are not true.

First of all, entrepreneurs are the smartest, most high-achieving people in the room. This is a myth that's perpetuated by entrepreneurs themselves, I think, sometimes, and they're rewriting history. Most of the entrepreneurs I know are not the valedictorians of their class. In fact, it's very rare they are. Entrepreneurs are not looking to please other people. They are, in fact, trying to figure out what they really think they have passion about, and then they kind of reject everything else.

So they're more likely to get A-plus in one class and not go to the other classes. In fact, that's one of the reasons why they often drop out of school. They don't see the relevance of it. Now, I am not encouraging you drop out of school. But I am saying that you can see this pattern, where people get very excited about one thing, focus on that, and then don't do some of the other things they should do.

So the first myth is smartest and high-achieving people in the room. OK? So that's just not true, and data shows that. The second thing entrepreneurs are individuals. They're mercurial individuals who make things happen by themselves, a kind of Horatio Alger story. That's not true either. Ed Roberts's research shows that, in fact, teams are much more likely to succeed than individuals.

If you have two people on your team, you're more likely to succeed statistically than one person; three, more than two; four, more than three, up to a certain point. So it is not an individual sport. It's a team sport. So entrepreneurs as individuals, not true. You need to be looking to find people to join your team all the time.

The third thing is entrepreneurs are born, not made, again a story that's often told. The research shows, again, that entrepreneurs don't come from parents who were entrepreneurs. There's no statistical correlation between that, nor is there a gene that makes you an entrepreneur. It's basically a skill that can be acquired, and that's what we're going to be working with you on. At MIT, everyone says, well, it's all because people are smart at MIT.

Well, there are a lot of other places where people are very smart, and they don't start companies at the rate they do at MIT. So entrepreneurs being born, not made, not true. You can become an entrepreneur. This is possible. That's what happens.

The fourth one is entrepreneurs love risk. You know, I hear this all the time. They love risk, they love risk. No, let me tell you what entrepreneurs-- I don't like to go to a casino. Entrepreneurs I know don't like to go to casinos, because that's kind of stupid. You're not in control of your own destiny. What we like to do is take calculated risk where we know we have an unfair advantage. Now let me explain that. We actually de-risk risk.

So we say we have an advantage in this one area, and then we take the risk out of everything else. But I'll take risk in an area where I have an advantage. I have asymmetric information. I have a particular asset that will give me competitive advantage over everybody else. I will then bet on that and think of the long term, and then I'll de-risk everything else. Great example of this, the MIT blackjack team. Very interesting, the movie *21* or the book *Bringing Down the House*.

These people became entrepreneurs. You think, well, they did all these algorithms and things like that, they become hedge fund managers. And it was very interesting on the panel, when I worked with them, I was able to moderate with them. And, asking the questions, you understand why they become entrepreneurs. They know how to take risk and use it to their advantage, and then patient in the long term.

The next thing is-- four, risk, misunderstanding of risk-- the fifth one is successful entrepreneurs are charismatic. That's what makes a successful. In fact, entrepreneurship is about effecting change. And effecting change is about leadership. And the MIT Leadership Center here, led by Deb Ancona, actually has shown that charisma is not correlated with success and changing the world.

What it is, it's made up of basically five other things. It's do you have a vision? Do you have a sense-making capability to understand what's going on in the world? Fourthly, do you have the relationships to make that happen? And then-- sorry, so thirdly.

And then fourthly it's called this thing which I will call innovation engineering. How do you take where we are today, the as-is state, and get to a future state that hasn't existed before, and then have a personal signature on that, which is the fifth point. So you have the vision that's a possible state. The sense-making state is the as-is state where we can go. Who are the

people, the relationship? And then how do we move into a world that's never been done before and then do that with our own, personal signature? So it does not have to do with charisma, the fifth myth.

The sixth myth, I would say, is that entrepreneurs are undisciplined. And this, in fact, is why I called my book *Disciplined Entrepreneurship*. Because, as I said that, some people would say, disciplined entrepreneurship? No, entrepreneurs are undisciplined. That's an oxymoron. Nothing could be further from the truth. It is essential to be disciplined when you're an entrepreneur, because you are, as my colleague Howard Anderson says, you are the attacker going up against the defender.

As the attacker, you don't have a lot of resources. You don't have a lot of time. You have cash flow. All that belongs to the defender. You just have this small, small thing called passion. And how do you execute against this bigger foe requires an extraordinary amount of discipline. So we at the Center say, you know, to be a great entrepreneur, you have to have the spirit of a pirate, which means we're trying to do something new. We're creatively irreverent, we're thinking of new ideas. How do we innovate?

But you also, while you have the spirit of a pirate, you have the execution skills of a Navy SEAL Team 6. So all the entrepreneurs you see, if you think they're not disciplined, look closely. And you'll see they actually are very, very self-disciplined. So these six myths, that you have to be smartest, high-achieving person in the room, not true. You have to be passionate.

They're individuals. Not true. You're a team, and you have to get people to work with you.

Three, born, not made-- not true either. You can become an entrepreneur. We teach it. We see it happening all today. It's not just in the classroom, it's outside of it.

Risk-- how do you de-risk risk, and how do you think about that in the long term and use it to your advantage? Fifth, charismatic. Not true. There's a whole kind of skill set that you can learn to effect change. And six, discipline. These are myths that have to go if we're going to be effective entrepreneurs.