

Entrepreneurship by the Books
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My father-in-law was a practical man who scoffed at book learning, preferring the school of hard knocks, where you learn by doing. If he were alive today he could point to Bill Gates, the richest man in the world and the world's most famous Harvard dropout, to make his point. But even when he was alive he could have referred me to Thoreau's rhetorical questions:

Which would have advanced the most at the end of a month, --- the boy who made his own jackknife from the ore which he had dug and smelted, reading as much as would be necessary for this ---or the boy who had attended the lectures on metallurgy at the Institute in the meanwhile, and had received a Rodgers penknife from his father? Which would be most likely to cut his fingers?¹

Actually I'm not sure which boy is more likely to cut his fingers but I'd be willing to bet on which boy is more likely to burn them. Besides I would expect the metallurgy course had a laboratory component. For the concept of reading just as much as would be necessary to get the a job done and learning the rest by doing has long been incorporated into science courses as well as into apprenticeship programs, trade schools, and professional school curricula. Henny Youngman's answer to the question "How do you get to Carnegie Hall? Practice, practice, practice" has been institutionalized. Moreover, knowing how to make a jackknife may be great in the event you're stranded on a deserted island reality show but misses the point in a market economy where it makes sense to stick to what you do best and buying the knife from Rodgers.

No, when my father-in-law objected to book learning he didn't mean books on accounting, finance, marketing and organizational behavior that are directly related to being in business but to the seemingly unrelated ones such as novels, history books, philosophy books, books of poetry, plays. What could be learned of value from these books about being an entrepreneur? (The term entrepreneur derives from the French *entreprendre*, to undertake, and was introduced in the sixteenth century to refer to leaders of military expeditions.) The answer is that they provide the answers to the most often asked question by anyone thinking of becoming an entrepreneur. What does it take to be a successful entrepreneur? What is the one big thing, the $e = mc^2$, the sweet spot of entrepreneurship? Is it brains, heart, courage, plastics, or just dumb luck? Is it a passion

Kellogg School of Management, Northwestern University. I wish to thank Joe Levy and Ned Heizer for having sparked my interest in entrepreneurship and providing the financial support to pursue it. Iain Crawford guided me to Keats. Lenore Kamien provided my father-in-law and inspired editing.

¹ Henry David Thoreau (1854) *Walden*, New York: New American Library, 1960, p.40.

for taking the road less traveled, fire in the belly, a tolerance for risk, vision, or optimism?

It turns out that the poet John Keats identified the unique attribute of entrepreneurs to be

Negative Capability, that is, when a man is capable of being in uncertainties, mysteries, doubts, without any irritable reaching after fact and reason.²

Keats claimed that men of achievement and Shakespeare especially possessed negative capability. This is the only attribute, now referred to as a tolerance for ambiguity, that researchers have found to distinguish entrepreneurs.³ It is not a greater tolerance for risk bearing, or charisma, or self-confidence, or vision, all of which are necessary, that makes entrepreneurs stand out from the rest of the crowd but their tolerance for ambiguity. It is the ability to balance the Dead Poets Society's slogan "carpe diem", seize the day, against Alexander Pope's observation "For fools rush in where angels fear to tread"⁴. To balance what sounded like such a great idea the night before with the morning after second thoughts while avoiding Dante's analysis paralysis

As one who unwill's what he wills, will stay
strong purposes with feeble second thoughts
until he spells all his first zeal away—

so I hung back and balked on that dim coast
till thinking had worn out my enterprise,
so stout at starting and so early lost.⁵

Keats' mention of Shakespeare's possession of negative capability begs the question of what else he might have had in common with entrepreneurs; to which one answer is creativity. For it is apparent that an entrepreneur must have the vision thing, best expressed in the statement popularly attributed to Robert Kennedy but in fact said by the serpent to Eve in Shaw's *Back to Methuselah*

You see things; and you say 'Why'? But I dream things that never were;
and say 'Why not'?⁶

² Letter to his brothers, Sunday, 21 Dec. 1817. F. Scott Fitzgerald had a similar thought "The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function".

³ M.B. Low and I.C. MacMillan (1988), "Entrepreneurship: Past Research and Future Challenges," *Journal of Management*, 139-161.

⁴ Alexander Pope (1711) *An Essay on Criticism*, London: Lewis, Part 3, line 625.

⁵ Dante Alighieri (1314) *The Inferno*, (Translated by John Ciardi), Mentor Classic, 1954, Canto II, p. 36

⁶ George Bernard Shaw (1921) *Back to Methuselah*, Part 1, Act 1

For without the dream of things that never were, the dream of the new, new thing, there is no entrepreneurial venture. (Among dreams of things that never were that have driven new ventures are an armrest for computers, a tube shaped mold that produces rods of ice that fit into beverage bottles, and a steerable plastic-runner sled) ⁷ But it doesn't end there because just dreaming dreams of things that never were and asking why not, a favorite teenager pastime, are not enough to make an entrepreneur. The entrepreneur has to make them happen by overcoming the ever-present obstacle identified by Machiavelli

It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, then to initiate a new order of things.

(Because of)

the incredulity of mankind, who do not truly believe in anything new until they have the actual experience of it. ⁸

What makes the entrepreneur believe that he can do it is Adam Smith's contention that

The over-weening conceit which the greater part of men have of their own abilities, is an ancient evil remarked by the philosophers and moralists of all ages. Their absurd presumption in their own good fortune has been less taken notice of. It is, however, if possible even more universal.....The chance of gain is by every man more or less over-valued, and the chance of loss is by most men under-valued⁹

Psychologists welcome this over optimism as a sign of mental health that contributes to successful coping with the challenges of life.¹⁰ And it appears everywhere, from people's estimates of their driving ability, everybody claims to be above average, to their chances of success as entrepreneurs. So it appears that we are hard wired to seeing the world through rose colored glasses. It's the reality checks that drive pessimism.

A thick skin also appears to be an entrepreneurship prerequisite as public regard for entrepreneurs' waxes and wanes between praise as captains of industry and scorn as robber barons. Their image as "wily operators who can maneuver around much larger vessels through the use of guile" and who are just "a good idea, a lot of elbow grease and a strike of lightning" ¹¹ away from great wealth, makes them sound like sleazy

⁷ Brian Alexander (Sept.21, 2004) "Six Entrepreneurs Look Up, and Offer Advice," New York Times, E9.

⁸ Niccolo Machiavelli (1532) *The Prince* (Translated by Luigi Ricci) New York: Modern Library, 1950, p.21

⁹ Adam Smith (1776) *The Wealth of Nations* New York: Modern Library, 1937, p.107

¹⁰ S.E Taylor & J.D. Brown (1988) "Illusion and well being: A social psychological perspective on mental health." *Journal of Personality and Social Psychology*, 103, 193-210

¹¹ David Carr (Sept. 21,2004) "On the Sunny Side of the Street, Optimism Is an Understatement," New York Times, E13.

opportunists. According to Dante, even hell is too good for the likes of The Producers' Max Bialystock or the real 9/11 opportunists peddling phony U.S. Government "Freedom Tower" silver dollars ¹²:

Hell will not receive them since the wicked
Might feel some glory over them

They are instead doomed to endlessly chase a banner in a circle around hell's vestibule stung by flying insects

I saw a banner there upon the mist.
Circling and circling, it seemed to scorn all pause
So it ran on, and still behind it pressed
a never ending rout of souls in pain. ¹³

(You can see the opportunists chasing a golden banner in the fresco *Dante and the Three Kingdoms* by Domenico di Michelino in the Duomo in Florence.)

Of course entrepreneurs get good press when their dreams and schemes create new industries with well paying jobs. The bad press comes when their dreams lead to cooking the books and destroying their workers' pension funds.

Yet beyond the tolerance for ambiguity, the dreams of things that never were, the optimism, the willingness to bare risk, the elbow grease, there always lurks the element of chance

I returned, and saw under the sun, that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, nor yet riches to men of understanding, nor yet favour to men of skill; but time and chance happeneth to them all. ¹⁴

As for what motivates entrepreneurs, the jury is out. On the one hand Joseph Schumpeter, who glorified the entrepreneur as the key figure in economic growth claimed that he was not simply driven by making money but by

First of all, there is the dream and the will to found a private kingdom, usually, though not necessarily, also a dynasty.

Think the Rockefellers, the Kennedys, the Pritzkers.

¹² "Five Pieces of Silver," New York Times, Sept.22, 2004, A30

¹³ The Inferno, Canto III, The Opportunists. For the fresco see <http://www-unix.oit.umass.edu/~chappell/Images/Dante/DantePoem.html>

¹⁴ Ecclesiastes 9:11

Then there is the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself.

Think Marlon Brando “I could have been a contender. I could have been somebody.”¹⁵

Finally, there is the joy of creating, of getting things done, or simply exercising one’s energy and ingenuity.¹⁶

Think Tim Berners-Lee, creator of the World Wide Web or Linus Torvalds, creator of Linux computer operating system.

On the other hand we have Frank Taussig, Schumpeter’s Harvard predecessor, claiming that entrepreneurship is largely driven by the quest for money.

Some twenty years ago a university professor devised a method for measuring with accuracy the content of butterfat in milk. The device, if patented, would doubtless have yielded him a very handsome income. The inventor gave it freely to the public, saying modestly that to do so was but part of his duty as a servant of the people: and it has come into use the world over. We call this conduct noble: but our very recognition is an admission of its rarity.¹⁷

Think Jonas Salk versus Donald Trump.

Regardless of which of these motives truly inspires entrepreneurial visions they’re enough to include any existing product going the way of the slide rule after pocket calculators, or the typewriter after personal computers, or perhaps film after digital cameras. After all, the philosopher Alfred North Whitehead had proclaimed, “The greatest invention of the nineteenth century was the invention of the method of invention.”¹⁸ This ability to target inventions to creating specific products such as the radio, and the telephone, and the movies, introduced fear as a new entrepreneurship driver among established businesses. Schumpeter claimed that in this environment

It is hardly necessary to point out that competition of the kind we have in mind (innovation) acts not only when in being but also when it is merely an ever-present threat. It disciplines before it attacks. The businessman feels himself to be in a competitive situation even if he is alone in his field¹⁹

¹⁵ On the Waterfront, 1954

¹⁶ Joseph A. Schumpeter (1911) *The Theory of Economic Development* New York: Oxford University Press, 1961, p. 93

¹⁷ Frank W. Taussig (1915) *Inventors and Moneymakers* New York: Macmillan, 49-50.

¹⁸ Alfred North Whitehead (1925) *Science and the Modern World* New York: Macmillan 90.

¹⁹ Joseph A. Schumpeter (1942) *Capitalism, Socialism and Democracy*, New York, Harper and Row, Harper Colophon Ed. 1975, 85.

Or as Andy Grove put it “Only Paranoids Survive”.

To Schumpeter’s successor John Kenneth Galbraith innovation becoming routine spelled the end of the independent entrepreneur, of Horatio Alger

There is no more pleasant fiction than that technical change is the product of the matchless ingenuity of the small man forced by competition to employ his wits to better his neighbor...Most of the cheap and simple inventions, to put it bluntly have been made...Because development is costly, it follows that it can be carried out only by a firm that has the resources associated with considerable size.²⁰

Fortunately this death notice went unheeded for in 1978 the entrepreneur in the form of small men employing their wits, entrepreneurship had become a team sport, was back in the guise of Steve Jobs and Steve Wozniak assembling personal computers in their garage. The rest, as it is said, is history.

Finally, we come to what is the big thing the hedgehog has to tell the entrepreneur? For

The fox knows many things, but the hedgehog knows one big thing.²¹

A common interpretation is that the big thing is survival and that despite the fox’s being very clever and knowing all the tricks he still gets caught by the hunters while the hedgehog only knows to curl up into a ball with his quills extended to survive the dogs attacks. (Hedgehogs were hunted for their skin with its quills that would be made into a brush.) However, Isaiah Berlin, the philosopher and historian of ideas took the one big thing to be the big idea such as Tolstoy’s in vain quest for an over-arching theory of human existence.²² Berlin himself a fox seeking to be a hedgehog ultimately concluded that in the realm of ideas the one big thing is that there is no one big thing.²³ Likewise in entrepreneurship the magic formula to success is that there is no magic formula to success. No one size fits all. The entrepreneur needs to be a fox that knows many things and a hedgehog that knows how to survive. He needs book smarts and street smarts. For according to Pasteur “Fortune favors the prepared mind.”

²⁰ John Kenneth Galbraith (1952) *American Capitalism*, Boston: Houghton Mifflin, 91-92.

²¹ Archilochus, 650 BC

²² Isaiah Berlin (1953) *The Hedgehog and the Fox*, New York: Simon and Schuster.

²³ Michael Ignatieff (1998) *Isaiah Berlin A Life* New York: Metropolitan Books/Henry Holt. 1998, 173, and Steven Marcus (Nov. 29,1998) “Both Fox and Hedgehog”, New York Times Book Review.

