

Prepare yourself to become an entrepreneur

Reaching out, getting involved, and helping people may be the best way to prepare yourself for business.

Preparing yourself to start a business may seem like a formidable task. You may think you must learn specific skills such as finance and business practices or how to manufacture and market products. Of course, these topics are important, but they're not difficult. If you just take an interest in them and start paying attention, you can learn about these subjects over time. You can also hire professionals to help you when you start a company.

But what makes the real difference is your strategy and your approach to business, which are reflections of your personal philosophy. I would like to share with you some things I've learned over time that work for me. A great deal of what I cover in this second installment of my series on starting your own high-tech business is about people. Think of it this way: business is about transactions and people dealing with people. Most business is based on a foundation of mutual trust and relationship.

Developing a strategy

What makes a good strategist is creativity, that is, how you put together what you know to solve a problem. The keys to creativity are your knowledge base and your problem-solving skills. People who have been in business for a while tend to have "street smarts," which consist of unusual ways of seeing things and solving problems. Business problems are different from technical problems in that they have more boundary conditions, and those boundary conditions are often poorly defined, unpredictable, and changing. So you also have to be extremely sensitive to your environment and constantly modify your strategy as new in-

formation becomes available.

Acquiring a knowledge base

How do you develop your knowledge base? I learned most of what I know about business on the job and eventually went through a Harvard Business School executive program, which I found very enlightening. I started reading *Business Week* and *Forbes* magazines as well as the *Wall Street Journal* as an engineering student in 1965 and since then have rarely missed an issue. Some good books, too, have been written about developing your knowledge base (see "Books that can help," p. 5).

If you pick up one business concept each week, you'll learn a lot over time. You'll learn how business works and how the business community looks at things. What's important is an attitude of active learning. Take an interest, talk to people, ask why things happen and how things work. Look at issues

defined principles and concrete answers. In business, we live with uncertainty. Like a chess player, you have to optimize complex situations and anticipate several moves in advance. The key to making better decisions is to hone your skills at comparing the likely outcomes of several scenarios. You can improve these skills if you develop a habit of reminding yourself to think ahead one more step.

Work is intense; I am constantly challenging myself and thinking through problems: "Is there a different way to interpret what that person said? What does he really want? Can I find a different way to satisfy that requirement?" By thinking through every issue, you sharpen your problem-solving skills. Eventually you develop the ability to get to the heart of the matter pretty quickly even when a new situation arises. The converse is also true: your problem-solving skills will atrophy if you become intellectually lazy.

DILBERT reprinted by permission of UFS Inc.



on your current job from a broader point of view. For example, when someone asks you to solve a technical problem, ask about the business context. Find out how the company decided the problem was worth solving. By doing so, you'll not only gain insights into business but also learn things that enable you to create a better technical solution.

Building problem-solving skills

In physical sciences, we deal with well-

Studying the environment

You need to develop a sensitivity to business trends. You'll learn to correlate apparently unrelated events that affect what you do and to incorporate them into your strategy. For example, if you intend to build a diode-laser-based test instrument, you will want to know that the prices of diode lasers have been dropping steadily, that consumers want low-cost products that work well, that UPS (United Parcel Service) and Federal Express have simplified overseas-ship-

ping documentation, and that established companies in the scientific laser business sell about 50% of their products overseas. Given that information, you might go ahead with the project, price your products aggressively in anticipation of further cost reductions, and decide to sell direct without any middleman. A sense of the environment can help you fine-tune your strategy.

Principles that work

Business is about honor in relationships. Don't misunderstand; relationships are a necessary but insufficient condition. You must also have competitively priced products that work better than what's already available. But just as most people won't buy from someone they don't trust, no matter how good the products are, neither would they buy inferior products from a friend more than once.

Tim Day, a young engineer who co-founded New Focus with me, often says, "Technical problems are easy; people are hard." And yet in business you're dealing with people all the time. The principles I consider most important in building a successful business are all people-related.

Give to get. To succeed in business, you must first think of giving, not taking. If you give your customer value in products and service, you'll get repeat business. If you take care of your employees, they'll value their job and take good care of your customers. If you pay your vendors on time, they'll expedite a rush order for you. The principle of reciprocity is so basic to relationships that even an enemy is likely to shake your hand if you reach out. Everyone wants to help a nice guy. You can develop this important attitude by making sure whatever you do with others constitutes a fair exchange.

To lead is to serve. Invariably the most successful people are those who managed to make the transition from being a doer to being a manager and a leader. Yet most of us are trained as skillful doers. To maximize our full potential, we have to learn how to motivate people. If you think you'll be the boss, you're wrong. Leaders could get away with tyranny in the old days, when people were concerned about meeting their basic needs for physical security, food, and shelter. But today's

employees won't tolerate authoritarian leadership. They want job satisfaction and the opportunity to develop self-esteem through their work. They want to be successful, to do something worthwhile, and to work for a company that has a sense of purpose and a mission.

Today's employees perform best when they have a supportive and friendly place to work. So a leader takes on the function of serving more than supervising. His or her main responsibility is to make sure employees have the tools they need and an environment they can succeed in. I spend most of my time at New Focus as a facilitator and a teacher, helping people get their job done, sharing my experiences, and making sure we maintain a culture most of us subscribe to. Our people work hard and perform to the best of their ability; individuals blossom and become champions. You can develop your leadership skills by playing a supportive role to the people reporting to you now.

Openness is expansion. Because business is about transactions and people dealing with people, an important business skill is the ability to develop a rapport with people quickly. People always appreciate your reaching out to make a connection with them. The key is to remove the barrier—the discomfort of the unknown—and search for common ground. Tell people about yourself and ask good questions about them.

People on airplanes used to talk to each other. Now they don't. In the past, I would talk to people next to me, and they would tell me everything: family problems, business secrets, how they do things. I learned a lot by telling people what I do. Here, as everywhere, you have to give to get. If you aren't open and responsive, new relationships are slow in developing.

When we first introduced the Pico-motor at New Focus, we weren't sure how much to disclose. It was the first product in which a piezo stack turns an adjustment screw. We decided to describe the operating principle openly in our advertisements, even though we ran the risks of alerting competitors. The net result was that the product penetrated the marketplace rapidly because our customers could explain the new concept to their friends. So we gained by being open.

It takes confidence to be open, and

that confidence takes time to build. Although openness can make you vulnerable, it will create many opportunities. You may lose some things by being open, but you'll gain so much more in return.

Be honest, be yourself. Honesty is the best policy. Be honest with your customers. A customer is more likely to buy from you if he trusts you because he perceives less risk. Your honesty provides the foundation for that trust. Be honest with your employees. It makes your life simpler in the long run. For example, if you truthfully state the mission of your business, people who support that mission will join you, and those who don't will go somewhere else. You end up with people around you that are happier and more productive.

Be honest with yourself. It takes self-confidence to recognize your limita-

Books that can help

In any business relationship, conflict will emerge because some interests are shared and others are opposed. In one way or another, you'll reconcile these conflicts by negotiation. I recommend *Getting to Yes: Negotiating agreement without giving in*, by Roger Fisher and William Ury of the Harvard Negotiation Project (Houghton Mifflin, New York, NY, 1981; paperbound: Penguin Books, New York, NY, 1983). It teaches "principled negotiation," a style that is hard on principles but soft on people.

Another book that can help you with your relationships is *The 7 Habits of Highly Effective People*, by Stephen R. Covey (A Fireside Book, Simon & Schuster, New York, NY, 1990). He recommends that we develop seven common-sense habits in business relationships.

Covey also introduces the concept of the Emotional Bank Account, a metaphor for the amount of trust that has built up in a relationship. You make deposits through courtesy, kindness, honesty, and fulfilled commitments. Communication is easy when the trust account is high.

I have also found useful the off-beat "enneagram" theory of personalities described in a book called *What's My Type* by Kathleen V. Hurley and Theodore E. Dobson (Harper, San Francisco, 1991). It helps me to understand what motivates people, to predict how they'll behave, and to accept them as they are.

tions. Each of us is unique. Our skills are different and what we are willing to do is different. By accepting yourself as you are, you can set reasonable business goals, make better business decisions, and keep your ego from getting in the way.

Be open to change. Many of you are facing early retirement or entering an uncertain job market. This time may provide an important growth opportunity for you. I really believe that without change there is no growth, and growth is associated with diversity and openness. Leaving my first job was easy, because I didn't enjoy my work. And if I hadn't left, I would have never become a businessman. Leaving my last job after investing 17 years of my life was a very painful decision. But if I hadn't taken the plunge and faced the unknown, I would not have incubated two companies and co-founded New Focus. The change that you face may be difficult, but it just might be the best thing that has happened to you.

A personal note

The first step in understanding others is to understand yourself. You learn about yourself by dealing with difficult people and difficult situations. In that process, you reflect upon yourself to gain new insight.

Dealing with difficult people is hard work, but self knowledge is your reward. So reaching out, getting involved, and helping people may be the best way to prepare yourself for business. I have found that the best way to learn about myself is to show compassion for others. By helping other people solve their problems, I have learned about my limitations and have come to understand my own problems with greater depth. Empathy becomes a mirror on myself. Here again, it is give to get. I'm becoming more philosophical every day in my old age. □