

sneaks up in the dark of night on a lonely street behind a little old lady in order to snatch her purse, I suppose. A more sober response would say that if you were to ask me what I make, my answer would not be an amount of money, but music and ideas.

ENTREPRENEURS: 1/17/10

(“The trouble with the French is they don’t have a word for it.”)

The recent New Yorker has an article on how entrepreneurs really succeed. The common image of the successful entrepreneur as a daring risk taker turns out to be mistaken. Actually, the successful entrepreneur tends to be a **risk-averse predator**. In my writings I often decry corporate practices as predatory, but one could generalize from abundant evidence that predation is a genetic characteristic of an omnivorous animal, which is what we are. However, the risk-averse characteristic seems less than noble, somehow. But then the firearm (which I have been wont to call the coward’s weapon) enabled European world domination.

Modern humans—no longer hunter-gatherers—have shifted their predatory instincts to their fellows and replaced the raiding party’s high-risk raping and pillaging with the fisherman’s patience in massaging rows of numbers until the sure bet emerges from the statistical pool. Why, then, the high-risk behavior that led to the recent freezing of the financial markets? Because, emboldened by the conventional wisdom, the traders were rewarded for risky bets when they paid off, and excused when they didn’t. After all, they were playing with other people’s money, so why sweat it. The risk-averse players that were able to detect the bubble made—literally—billions from the crash that pushed millions of people out of their jobs and homes.

It’s useful to realize that free enterprise gives free rein to the predatory instinct, and that enterprise will construct the rules of the game in such a way that business risk will be minimized. The obvious lesson to be learned from this is that if you desire a secure and prosperous future, you are well advised to become an entrepreneur; more specifically, one who does not fail. How does one accomplish this? An authority on this is quoted in the article:

“Many entrepreneurs take plenty of risks—but those are generally the *failed* entrepreneurs, not the success stories. The failed ones violate all kinds of established principles of new-business formation. New business success is clearly correlated with the **size of initial capitalization**. But failed entrepreneurs tend to be wildly under-capitalized. The data show that **organizing as a corporation** is best. But failed entrepreneurs tend to organize as sole proprietorships. Writing a **business plan** is a must; failed entrepreneurs rarely take that step. **Taking over an existing business** is always the best bet; failed entrepreneurs prefer to **start from scratch**. Ninety percent of the fastest growing businesses in the country **sell to other businesses**; failed entrepreneurs usually try **selling to consumers**, and rather than **serving customers that other businesses have missed**, they **chase the same people that their competitors do**. They **underemphasize marketing**; they don’t understand the importance of **financial controls**; they try to **compete on price**.”

In my capacity as a self-employed musician and creator of intellectual properties, I have chosen all of the guaranteed-to-fail entrepreneurial options. Why does this make my heart swell with pride? Because it proves beyond doubt that I’m not the kind of guy who