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What's an Entrepreneur? The Best Answer Ever

This classic 25-word definition pares entrepreneurship to its essence and explains why it's so hard. And so addictive.
By Eric Schurenberg | Jan 9, 2012

As an entrepreneur, you surely have an elevator pitch, the pithy 15-second synopsis of what your company does and why, and you can all but repeat it in your sleep. But until recently, I'd never seen a good elevator pitch for entrepreneurship itself—that is, what you do that all entrepreneurs do?

Now I've seen it, and it comes from Harvard Business School, of all places. It was conceived 37 years ago by HBS professor Howard Stevenson. I came across it in the book *Breakthrough Entrepreneurship* (which I highly recommend) by entrepreneur and teacher Jon Burgstone and writer Bill Murphy, Jr. Of Stevenson's definition, Burgstone says, "people often need to say it out loud 50 or 100 times before they really understand what it means." Here it is:

> Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled.

I talked to Stevenson about his classic definition this weekend. Back in 1983, he told me, people tended to define entrepreneurship almost as a personality disorder, a kind of risk addiction. "But that didn't fit the entrepreneurs I knew," he said. "I never met an entrepreneur who got up in the morning saying 'Where's the most risk in today's economy, and how can I get some? Most entrepreneurs I know are looking to lay risk off—on investors, partners, lenders, and anyone else." As for personality, he said, "The entrepreneurs I know are all different types. They're as likely to be wallflowers as to be the wild man of Borneo."

By focusing on entrepreneurship as a process, his definition opened the term to all kinds of people. Plus, it matched the one demographic fact HBS researchers already knew about entrepreneurs—they were more likely to start out poor than rich. "They see an opportunity and don't feel constrained from pursuing it because they lack resources," says Stevenson. "They're *used* to making do without resources."

The perception of opportunity in the absence of resources helps explain much of what differentiates entrepreneurial leadership from that of corporate administrators: the emphasis on team rather than hierarchy, fast decisions rather than deliberation, and equity rather than cash compensation.

What would you expect, asks Stevenson: When you don't have the cash to boss people around, like in a corporation, you have to create a more horizontal organization. "You hire people who want what you have and not what you don't have," Stevenson says. In other words, entrepreneurs offer their team members a larger share of a vision for a future payoff, rather than a smaller share of the meager resources at hand. Opportunity is the only real resource you have.

Or, as Burgstone puts it:

> Every time you want to make any important decision, there are two possible courses of action. You can look at the array of choices that present themselves, pick the best available option and try to make it fit. Or, you can do what the true entrepreneur does: Figure out the best conceivable option and then make it available.

And that, folks, is what makes entrepreneurship so friggin' hard. And so friggin' necessary.