

7.16: Types of Entrepreneurs

Learning Objectives

- Discuss the different types of people who become entrepreneurs

How do we begin to understand entrepreneurship and entrepreneurs? Entrepreneurs can be categorized by a number of dimensions including the size and scalability of the business, the form of business, whether a business is home-based, brick & mortar or online and other dimensions.

It's tempting (and, quite frankly, comforting) to believe that a successful entrepreneurial game plan can be used by another entrepreneur with similar success. The problem with this logic is that it assumes that all entrepreneurs are essentially the same. Clearly, that's not the case. In working with a number of startups, "Entrepreneurial DNA" author Joe Abraham realized that although entrepreneurs share common traits, they have distinctly different personalities and to be successful, the strategy has to match the person. Abraham found that entrepreneurs exhibit one of four distinct types of "entrepreneurial DNA," each with its own strengths, weaknesses and characteristics. In presenting his concept in a TED Talk, Abraham proposed thinking of the DNA types as "presets on your radio." Each button is associated with a set of predisposed behaviors and decision-making matrix. And for each preset, there's a different path to market.

Abraham translated this insight into the BOSI Framework, with four entrepreneurial DNAs: Builder, Opportunist, Specialist, and Innovator.

Builders

A **builder** is, as one would expect, focused on scaling the business quickly. They tend to be serial entrepreneurs, perpetually building and selling businesses, often in completely unrelated industries. To a builder, success is measured in infrastructure terms—for example, office square footage and size of payroll. Builders tend to excel at attracting talent, investors and customers, but can exhibit a Dr. Jekyll and Mr. Hyde behavior that results in high turnover. As Abraham notes, "if you look back on their history, you see a wake of dead bodies: key employees, spouses, children."

Brothers Jeff and Rich Sloan are a good example of builders, having turned numerous improbable ideas into successful companies. Over the past 20-plus years, they have renovated houses, owned a horse breeding and marketing business, invented a device to prevent car batteries from dying, and so on. Their latest venture, a multimedia company called StartupNation, helps individuals realize their entrepreneurial dreams. And the brothers know what company they want to start next: yours.^[1]

Opportunists

An **opportunist** measures success in financial terms and is always scanning for the next money-making opportunity. Opportunists tend to be impulsive decision makers—for better or worse.

Jeff Bezos recognized that with Internet technology he could compete with large chains of traditional book retailers. Bezos's goal was to build his company into a high-growth enterprise—and he chose a name that reflected his strategy: Amazon.com. Once his company succeeded in the book sector, Bezos applied his online retailing model to other product lines, from toys and house and garden items to tools, apparel, music, and services. In partnership with other retailers, Bezos is well on his way to making Amazon's vision "to be Earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."—a reality.^[2]

Specialists

Specialists are experts (e.g., accountants, doctors, lawyers) who generally spend their careers in one industry. They measure success based on their personal income. With an aversion to selling, their primary weakness is demand generation.

Sarah Levy loved her job as a restaurant pastry chef but not the low pay, high stress, and long hours of a commercial kitchen. So she found a new one—in her parents' home—and launched Sarah's Pastries and Candies.^[3] In 2011, she rebranded her company as S. Levy Foods, expanding beyond her pastry focus. She now has five operating restaurants in airports across the United States where she seeks to bring "real food" to those traveling.^[4]

Innovators

Innovators are the mad scientists of the world. They measure success based on impact; it's about the mission, not the money. Innovators are often accidental entrepreneurs; their weakness is business operations. They often start businesses just for personal satisfaction and the lifestyle. Miho Inagi is a good example of an innovator who built a company just for her personal satisfaction.

On a visit to New York with college friends in 1998, Inagi fell in love with the city's bagels. "I just didn't think anything like a bagel could taste so good," she said. Her passion for bagels led the young office assistant to quit her job and pursue her dream of one day opening her own bagel shop in Tokyo. Although her parents tried to talk her out of it, and bagels were virtually unknown in Japan, nothing deterred her. Other trips to New York followed, including an unpaid six-month apprenticeship at Ess-a-Bagel, where Inagi took orders, cleared trays, and swept floors. On weekends, owner Florence Wilpon let her make dough.

In August 2004, using \$20,000 of her own savings and a \$30,000 loan from her parents, Inagi finally opened tiny Maruichi Bagel. The timing was fortuitous, as Japan was about to experience a bagel boom. After a slow start, a favorable review on a local bagel website brought customers flocking for what are considered the best bagels in Tokyo. Inagi earns only about \$2,300 a month after expenses, the same amount she was making as a company employee. "Before I opened this store I had no goals," she says, "but now I feel so satisfied."^[5]

? Practice Question

<https://assessments.lumenlearning.co...essments/11030>

To put faces on the labels, Donald Trump and Elon Musk are typical Builders, Virgin Group Founder Sir Richard Branson is a classic Opportunist, Bill Gates was a Specialist, and Mark Zuckerberg is an Innovator.

So why does the "type" of entrepreneur you are matter? Knowing yourself—your strengths and weaknesses—is key to selecting a business, assembling a team and developing a strategy that leverages your individual and collective (team's) entrepreneurial DNA. Specifically, it allows you to work with your strengths and hire to cover your weaknesses.

In an article for Entrepreneur, veteran startup mentor and angel investor Martin Zwilling recommends that every aspiring entrepreneur understand their DNA before they commit to a business venture. Indeed, he notes that investors and incubators have adopted the use of formal assessments such as StrengthsFinder as part of their screening process.

? Try It

To identify your entrepreneurial DNA type, [take the free assessment at the BOSI DNA website](#).

1. "About StartupNation," <https://startupnation.com>, accessed February 1, 2018; Jim Morrison, "Entrepreneurs," American Way Magazine, October 15, 2005, p. 94. ↵
2. Barbara Farfan, "Amazon.com's Mission Statement", The Balance. April 15, 2018, <https://www.thebalance.com/amazon-mission-statement-4068548>. ↵
3. Martha Irvine, "More 20-Somethings Are Blazing Own Paths in Business," San Diego Union-Tribune, November 22, 2004, p. C6. ↵
4. S. Levy Foods, "About Us," <http://slevyfoods.com>. ↵
5. Andrew Morse, "An Entrepreneur Finds Tokyo Shares Her Passion for Bagels," The Wall Street Journal, October 18, 2005, p. B1. ↵

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