

The Vincenzo Watchlist

Profiling Bad Entrepreneurs

Goal: Reduce measured risks by identifying characteristics that may be indicators of bad entrepreneurs

Trends

Mature - Immature
Communicator - Poor communicator
Strong ego - Egocentric
Confident - Overconfident
Focused - Selfish
Business person - Not understand business
Needs money - Not understand finance
Honest - Apparently Honest

Immature

No or little emotional maturity
Disrespectful
Insecure
Hero worshiper
Paranoid
Perceives others as bad guys
Not trust others with information
Can not close deals, often from fear of losing control or being cheated
Disorganized
Not return calls and messages

Poor communicator

Glib
Does not listen
Not glib enough
Unable to explain product or company

Egocentric

- Genius
- Arrogant
- Ego without humility
- Possibly medical doctor
- Condescending
- Belittles role of others
- Blames others for mistakes
- Not coachable
- Inflexible in opinions, business plan, management
- Name of company same as founder

Overconfident

- Believes business cannot fail
- No contingency planning
- Believes sales will come simply because product or company is so good
- Believes idea alone is valuable, hence wants NDA from everyone
- Believes can convert others to his thinking – including potential buyers
- Believes can control circumstances
- Believes circumstances will change for the better (Providence will intervene)
 - even without doing anything
- Only focused on product; ignores market
- Ignores competition, says there is none, or defines market so narrowly there is none
- Believes not necessary to work long hours

Selfish

- Fanatical
- Corporate - new furniture, plants
- Personal - new car
- Takes money out of company for personal matters
- Wants to take risk with other's money
- Never pays - even small amounts
- Expects freebies
- Takes two chairs in crowded room
- Considers company his child that only he understands
- Not planning on ever stepping down or aside

Not understand business

- No track record or management experience
- Not have any failures
- Has management experience only in private company
- Senior officers have management experience only in big companies
- Magellan tendency -- gets involved in side issues
- Trend follower
- In industry because believes it is the place to be
- No ties to industry or business, just wants to make money
- Selling stock versus product
- Not understand solving pain is better than meeting need

Not understand finance

- No financial savvy
- Not understand cash flow and importance to operation
- Spouse keeps books sometimes because too busy
- Believes first funding ensures funding for all future needs
- Not understand or read financial documents, including closing documents
- Not have any money -- if so smart, why not?
- Always living beyond means
- Beyond hunger as driving force, closer to starvation

Apparently honest

- Frequently refers to Church attending
- Quotes Bible
- Makes charitable contributions with funded money
- Explanations change

Profiling Ideal Entrepreneur

Mature

Communicator

Able to explain product and company to others

Strong ego in check or balance

Confident

Surrounds self with good people

Willing to share decision making

Focused

Vision of where to go

Not blinded by vision

Business sense

Two to three prior successes

Financial sense

Putting 1/4th of own net worth into deal

Understands making money

Understands cash flow

Honest

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