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Entrepreneur Advantages That Beat the Odds

If the reality were as dire as reports lead us to believe, an entrepreneur's chance at success is mighty slim. Yet obviously entrepreneurs do succeed. In the Northwest consider Amazon, Microsoft, Starbucks, Nike, McCaw Cellular and others. One of Seattle's emerging entrepreneurs, Christian Chabot, says many new ventures succeed because despite having the odds stacked against them, they still have two key advantages that incumbents don't have.

Chabot is co-founder of Seattle-based Tableau Software, a company pioneering a new software category called "visual analysis." Straight out of Stanford his team successfully parlayed advanced intellectual property into a commercial business. In short order Tableau won numerous awards including "Best Product" from PC Magazine and "Most Promising New Company" from the Washington Software Association. Yet, Chabot started his discussion at a recent Northwest Entrepreneur Network meeting by asking: "Who would ever start a company given the known risks of failure, especially when it comes to displacing entrenched incumbents?"

With a sly grin, Chabot seemed to know the answer. Sitting precariously on the verge of creating great industry change with Tableau, Chabot has analyzed the situation carefully. His conclusion: "I have discovered beyond a shadow of a doubt the edge entrepreneurs have against incumbents." Once you hear it, like many "aha" moments it's quite obvious. Chabot explains, "All successful organizations adapt to a point that protecting their current interests becomes more important than expanding their horizons."

Leveraging Fear—Advantage #1

When incumbents are slow to expand it gives new businesses the time needed to create an assault. Leveraging this advantage is one of the greatest trump cards an entrepreneur has.

So why do so many big companies appear to resist innovation? Because, Chabot says, they don't want to risk

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losing what they already have. For example, although email and instant messaging are both viable products, an incumbent that started in email may avoid moving into the instant messaging market because of the overlap and fear of eroding their existing market. "Overlap issues make it difficult for incumbents to advance a breakthrough," says Chabot who experienced this first hand when pitching his product to the largest players in the industry. Even though Tableau could demonstrate a business breakthrough, executives weren't interested in changing their approach.

Fear stagnates growth. It always has because its human nature. Researchers studying the rise and fall of the Roman Empire concluded the Romans had much less to gain than to fear. Companies follow a similar path when they grow fast, conquer a segment and then focus on maintaining their lead vs. winning the war.

Even though incumbents could break into a new market faster by leveraging their might and mass, odds are they won't. Taking advantage of this mindset gives

entrepreneurs exactly what they need: an opening.

Advantage #2—Harnessing Time

Chabot says there is another advantage that always holds true that entrepreneurs should strategically consider: "New inventions always change the rules and people always hate change." Competitors hate change. Customers hate change. Everyone hates change. "People hate to admit that something new is better because we're wired against it—we hate change naturally," explains Chabot.

This offers a secret arsenal that entrepreneur's can exploit if they recognize how to use it. While incumbents are resisting change, entrepreneurs have time to develop their innovation. This is important because it takes years to nurture and grow a new idea. The window of time gives an entrepreneur a long runway. While the market is moving toward acceptance, the entrepreneur can build their competitive edge. By the time competitors and others wake up, patents are done and 10,000 units are ready to ship.

Chabot seems well on his way to leveraging his competitors' fears and harnessing the time created while the market accepts his innovations. Understanding human dynamics and how they impact business decisions are crucial. No doubt if Chabot builds Tableau into one of the "large incumbents" by the time buyers are willing to try a new approach, he will be on guard and ready to reinvent his company again.

Embracing and leveraging change is critical to success—for entrepreneurs and incumbents alike.

These “Executive Insights” are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.