

John Martinka, "Partner" On-Call Network

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I work with business buyers and my clients understand the risk issue. It's why they buy an established (mature, profitable) business. It gives them more security than a start-up. This could also be called risk management as every business has red flags, the buyer sees those red flags before buying the business and can weigh them against their skills and experience.

When I ask a group why they want to own a business the reasons always center around control, flexibility, ability to earn more, independence and to reap the rewards of their hard work. This can also be interpreted as security. As Ms. Winter mentioned, when you are in control you feel your risk is lower.

There is security in knowing your efforts are the major catalyst to your success. And, you are the boss who determines the direction and strategy.

Finally, as mentioned above, there are a lot of people forced into thinking of entrepreneurship who really don't want that path. They often choose the easy route of independent contracting until a new job comes along. Those who put down a sizable down payment to buy a business have transcended beyond that and are serious about wanting to be in business for themselves as they don't want to be under the thumb of a large company.

Entrepreneurs and Risk

Posted by: John Tozzi on August 31

How do entrepreneurs feel about risk? I've been thinking about this a bit in light of [recent evidence](#) that suggests people who work for themselves feel more secure than those whose livelihood depends on the whims of one employer.

A few weeks ago I spoke with Jason Fried, the 35-year-old co-founder of [37 Signals](#), who had this advice for aspiring entrepreneurs: "Start a business on the side. Keep your day job." Fried sounded frustrated with the caricature of entrepreneurs as big risk takers who throw caution to the wind to pursue business ideas. "I think great entrepreneurs don't really take much risk," he says. Instead, he advocates thinking long-term, developing a business gradually, and only quitting to do it full-time when it seems like a safe bet — i.e., customers are paying for your product or service.

Maybe it's useful to distinguish here between [entrepreneurs and the self-employed](#), that is, between founders who want to grow companies and freelancers who simply want to make their income working for themselves. Each involves a certain degree of risk, but those who want to build growth businesses are riskier because it takes more investment. Growth businesses also have a greater potential return than someone essentially earning a personal income as a freelancer.

But I think the way entrepreneurs think about risk is different from, say, the way Wall Street thinks about risk. For a Wall Street trader, risk is a financial calculation only, to be balanced against potential return. (In recent years, it's seemed closer to gambling sometimes.) I think entrepreneurial risk has much less to do with money and more to do with ideas and execution. Will the entrepreneur's idea succeed in the marketplace? Can she successfully recognize an opportunity and build a business to take advantage of it? There is financial risk involved, of course, but I don't think financial rewards are the main motivator for most entrepreneurs.

So I'm curious — how do you approach risk as an entrepreneur? Do you feel running your business is less risky than working for someone else? What returns do you seek — financial or otherwise — in exchange for the risk of running your own business?