

# BUILDING

What Sam Walton, Walt Disney, and Other Great Self-Made

# ON

Entrepreneurs Can Teach Us About Building Valuable Companies

# BEDROCK

“Flat out, the best book on entrepreneurship I have ever read.”

—ROGER MARTIN, bestselling author of *Creating Great Choices*

# DEREK LIDOW

Bestselling author of *Startup Leadership*

“I had given up believing I would ever read an intelligent and useful book on entrepreneurship—until I read *Building on Bedrock*. No tiresome Silicon Valley narcissism. No hagiography. Refreshingly, Derek Lidow provides cogent analysis and insights on the bedrock entrepreneurs that make our economy prosper. It is, flat out, the best book on entrepreneurship I have ever read.”

—ROGER MARTIN, Thinkers 50 legend, Institute Director of the Michael Lee-Chin Family Institute for Corporate Citizenship, former Dean of the Rotman School of Management, and author including *Creating Great Choices*

“How have extraordinary entrepreneurs achieved greatness? Lidow’s *Building on Bedrock* sheds new light on the practical keys to success. He thoughtfully examines the lives, mindsets, strategies, and actual practices of eight founders. You’ll see their secrets and thought processes as they choose partners, build teams, scale, and obtain and deploy precious capital. The book delivers an insider’s perspective rarely shared anywhere else—partly because Lidow not only teaches entrepreneurship, he is a serial entrepreneur himself. His book is a must read for anyone seeking success as a Bedrock Entrepreneur.”

—STEPHEN CHRISTENSEN, Dean of Concordia University’s School of Business, Entrepreneur Catalyst, and Start-Up Coach

“While hot startups get the headlines, ‘bedrock’ entrepreneurs like Sam Walton and Estée Lauder build lasting businesses. Lidow charts a path for entrepreneurs to create sustainable value for themselves and the communities they serve. *Building on Bedrock* is essential reading for every entrepreneur and policy maker.”

—BRIAN O’KELLEY, Founder and CEO of AppNexus and serial entrepreneur

“*Building on Bedrock* is a refreshing reality check—a much-needed intervention to remedy the misalignments in today’s startup arena. Revealing many truths about entrepreneurship, it is a simple read that belongs in every entrepreneur’s tool kit. This powerful book unlocks the latent potential in all entrepreneurs. It also inspires readers to self-define life’s core values like purpose, success, and happiness. *Building on Bedrock* is a ‘must read’ for every founder—and for anyone with vision and gumption.”

—SHIKHA UBEROI BAJPAI, Founder and CEO

of Impact Media360, Executive Producer of *The Real Deal*,  
and Co-founder of India at Indi.com

“*Building on Bedrock* is bedrock reading for anyone interested in understanding the myths and mysteries of entrepreneurship. Beyond challenging the status quo, the book tackles what it really takes to create a successful, lasting business from scratch. Lidow, a serial entrepreneur himself, provides valuable insights as he shares fresh, real-life stories about several founders (some famous, some not). His book will be your essential companion if you want to get below the ‘puff’ surrounding Silicon Valley-style entrepreneurship and see the ‘stuff’ of everyday entrepreneurs who drive economies the world over.”

—JOHN DANNER, Teacher at UC Berkeley and Princeton,  
consultant, and author including *Built for Growth*

“Finally, the truth about entrepreneurship. Lidow methodically and entertainingly debunks the popular myths and magical thinking around successful entrepreneurs. Think they need to take big risks, raise large amounts of money, and disrupt industries? Think again. Blending honest startup stories and current research, Lidow exposes a vital but perhaps un-sexy reality: the vast majority of successful entrepreneurs ‘start small and grow as they gain confidence.’ Lidow’s rare access to Sam Walton’s earliest hunches about Walmart is a fascinating tale of that iterative process. *Building on Bedrock* challenges how entrepreneurs are taught, supported, and mythologized. We need this more than ever, because our future depends on them.”

—MARTIN JOHNSON, Professor of social entrepreneurship  
and pioneering social entrepreneur

“Enough about the celebrity founder, working magic! *Building on Bedrock* provides the right tools and role models for the other 99% of intrepid people who are launching enterprises. This is one of the few books where I can recognize my own real-life experiences. A great toolkit for entrepreneurs.”

—LARRY GILSON, Founder and Chairman of Focusing Philanthropy  
and serial entrepreneur in transportation, finance, and consulting

“If you’re serious about entrepreneurship, this book is the key to unlocking what you don’t yet know—but must learn. Lidow introduces little-known secrets behind famous and little-known entrepreneurs, then ingeniously

refocuses the conversation on entrepreneurship's myths and truths. Each story will make you see entrepreneurship from an entirely different perspective. In fact, *Building on Bedrock* will change the way you think."

—DANIELLE COHEN-SHOHET, CEO and co-founder of GlossGenius

"I found myself nodding in agreement as I read *Building on Bedrock*. It is a no-nonsense, well-written book by a proven entrepreneur who shares personal experiences and life lessons learned—his own, plus those of eight other founders. A must-read for budding and current entrepreneurs."

—GREG OLSEN, *Inc. Magazine* Entrepreneur of the Year, serial entrepreneur, and Founder and Chairman of GHO Ventures

"High profile entrepreneurs are often seen as gods of the marketplace with exceptional foresight, wisdom, and energy; this can intimidate and confuse potential and nascent entrepreneurs. *Building on Bedrock* reflects the practical realities of routine business creation, and should help many ordinary people join the millions of founders who are finding satisfaction and success working for themselves."

—PAUL D. REYNOLDS, Author of *Entrepreneurship in the United States: The Future Is Now*

"Derek Lidow is the best chronicler of entrepreneurship of our age. This book is filled with breathtaking insights on what it takes to succeed as any type of entrepreneur—whether your enterprise is 'bedrock' or high-risk. Every entrepreneur, or soon-to-be-founder, must have this book!"

—BRUCE HACK, Chairman of the Board of Technicolor, former CEO of Vivendi Games (*World of Warcraft* and *Starcraft*), and angel investor

"Thoroughly researched and loaded with beautifully-told stories about fascinating entrepreneurs, both known and unknown, *Building on Bedrock* showcases people who built their enterprises the right way—based on bedrock principles and values. The book is instructive and inspirational for readers considering an entrepreneurial life path. It is also for those who are well along that journey who are seeking better ideas, greater understanding, and new meaning in their work."

—ED ZSCHAU, Professor, Silicon Valley entrepreneur, venture capitalist, and Congressman

“Derek Lidow has effectively stripped the sheen away from the entrepreneurial myth and demonstrates how enduring value is created, illuminating his points with incredible stories of famous and lesser-known entrepreneurs. Lidow reveals the largely-misunderstood differences between ‘bedrock’ and ‘high risk’ entrepreneurship. He also isolates the drivers of enduring value creation—and highlights the troubling shift in the mix of today’s entrepreneurs moving from bedrock to high risk. This work has significant implications for all of us who study, teach, and work within the entrepreneurial ecosystem.”

—CHRIS KUENNE, Author of *Built for Growth* and teacher of  
“High Tech Entrepreneurship” at Princeton

“*Building on Bedrock* exposes fundamental, under-recognized, and seldom acknowledged truths about entrepreneurship—and the dangerous gulf between ‘bedrock’ and high-risk ventures. Lidow’s carefully articulated distinctions can help entrepreneurs avoid the missteps that will trip them up and drop their enterprise off the cliff. As a disruptor and entrepreneur, I applaud his encouragement that almost anyone can be a successful entrepreneur if they understand what that means and what it takes—hard work and perseverance more often than lightning strikes of genius and luck.”

—WHITNEY JOHNSON, Investor, speaker, and author including  
*Disrupt Yourself: Putting the Power of Disruption to Work*

**BUILDING**

**ON**

**BEDROCK**

**What Sam Walton, Walt Disney, and Other  
Great Self-Made Entrepreneurs Can Teach Us  
About Building Valuable Companies**

**DEREK LIDOW**

**DIVERSIONBOOKS**

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## CHAPTER 1

# TRUTH MATTERS

There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune;  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat,  
And we must take the current when it serves  
Or lose our ventures.

—William Shakespeare,  
*Julius Caesar*, Act 4, Scene 3, Brutus: Lines 224–230

By opening day for store number two, the team felt fried. For the two weeks leading up to the grand opening, they had been working for as many hours as they could stand to get the store ready. Rebuilding and installing old fixtures salvaged from another store that had recently gone bankrupt had been a huge struggle. The team had unloaded truckloads of merchandise late into the night and had barely finished moving in and placing the merchandise on the shelves, on tables, and in front of the store. On top of that, the July heat had been punishing, the building wasn't air-conditioned, the restrooms hadn't been working, and the parking lot wasn't fully paved.

A great deal was at stake. Store number one had struggled to make money and was not as successful as hoped. Sam Walton had borrowed as much money as the bank would loan him, using everything he and his wife owned as collateral. He needed Wal-Mart store number two to prove that a discount retail chain focused on small towns could be highly profitable. If store two performed like store one, Sam and his team would have to put their growth plans on hold.

To get as much attention for the opening as possible, Sam advertised great deals on brand-name staples like toilet paper and detergent. To give the opening a family feel, Sam arranged free donkey rides for kids in the parking lot right in front of the main entrance. He also bought every ripe watermelon that any farmer within a day's drive could deliver. The team had piled them four feet high along the front of the store (and along the edge of the unpaved areas of the parking lot to keep the customers away from tripping over the old wooden forms still lying around).

Opening day was the hottest day of the summer, with temperatures in the upper 90s. But the heat didn't keep the crowds away. To buy at the advertised low prices, they began lining up even before the store opened at nine in the morning. The team worked with hardly a break all day manning the cash registers and keeping the shelves, tables, and floors stocked with the items that were being snapped up. The customers were clearly excited.

With all the crowds and all the business, nobody noticed or really cared that some of the watermelons were breaking open in the heat, their juices flowing onto the sidewalk and into the parking lot—nor did anyone notice or care that the man running the donkey rides didn't have time to pick up all the donkey droppings as soon as they hit the ground. Over the course of the day, the watermelon juices and the donkey dung covered growing portions of the sidewalk. The acrid donkey-watermelon mix was soon tracked inside and permeated the store.

A top financial officer of a well-established Midwestern drug store chain was perhaps the only person that *did* care. His company had heard that Sam Walton had some interesting ideas about how to

get customers excited, and he had driven from Missouri to check out the opening. He was appalled by the smells and broken watermelons, and by the merchandise piled high on tables instead of laid out neatly on the shelves. He reported back that the opening was the worst he had ever seen; anyone in his company who ran an opening like the one he witnessed would have been fired on the spot.

But the top financial officer had ignored the store full of customers and the long lines at the cash registers. He had judged the opening by conventional big-city store aesthetics, missing the real story. Sam and his team understood that in the rural heartland, everyone was used to animal smells. He understood how to make his customers happy by making their dollars go much farther, and that his customers would feel better served in a humble-looking (and smelling) store.

That Midwestern drug store chain long ago went out of business. But its top financial officer eventually began to understand what was pleasing Sam's customers and that Sam was willing to change things in ways his company would never consider. David Glass later joined Wal-Mart and became an exemplary student of Sam's, excelling at leading rapid changes aimed at pleasing evermore customers. He eventually became Walmart's CEO.\*

Sam, like the other entrepreneurs you will meet in these pages, provides a useful corrective to what we think we know about starting a business. Yes, Walmart is now one of the most valuable companies in the world, but it didn't get that way overnight, and its success didn't depend on "network effects" or venture capital. It depended on some hard and humble truths about entrepreneurship that have gotten lost amid all the publicity about a few young Silicon Valley billionaires—truths that would-be entrepreneurs and their loved ones ignore at their peril.

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\* Sam originally called his store "Wal-Mart" but over the years the name was simplified to Walmart. I will use the style of the name that was in use at the time referred to in the text.

## Essential Understanding

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No matter what you do in life, you need to understand entrepreneurship. The facts are: Over 60 percent of working men and women in the US want to start their own business, and if you're male, the chances are about fifty-fifty that you will actually attempt to be an entrepreneur sometime during your working life; if you're female, the chances are about one in three.\* More than 30 percent of the population in the United States at any point in time is either engaged in entrepreneurship or directly related to someone that is. Since funding from friends and family constitutes an important source of revenue for many startups, you stand a great chance of being asked to invest in a startup sometime in your life, regardless of how much money you have in the bank.

But entrepreneurship is not what most people think it is. And if you act on what you think, you will likely make a big mistake, lose money, destroy relationships, and waste precious years of your life. Conversely, what you think you know could make you too afraid to seize the lucrative entrepreneurial opportunities around you.

A simple remedy for your lack of knowledge may be to do nothing—nothing risked, nothing lost. That's what most people do. But that won't work, because confronting entrepreneurship is not a choice. Modern life forces you to make decisions that are, at their core, about entrepreneurialism. The company you work for, your boss, co-workers, relatives, and friends all have as much say as you do about whether entrepreneurship will impact your life! You could lose your job, or someone you can't stand might replace your wonderful boss, forcing you to decide whether being your own boss is the right thing for you. You are also likely to be asked to support a friend or relative in starting a company, whether through a loan, an

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\* To make the book more readable, I will not cite references in the text nor will I use footnotes unless it adds directly to the text. You can find a complete set of supporting notes in the back of the book, including references for all the facts cited.

investment, or part-time work. To make the right decision—whether it’s about being your own boss or investing in your favorite cousin’s startup—you must understand entrepreneurship.

We all dream to some extent about achieving a combination of the fortune, fame, and control over our lives that we associate with successful entrepreneurs. Those are admirable aspirations in a society that counts on entrepreneurs to innovate, create new jobs, and grow our economy. Society encourages us to take the entrepreneurial bait, but how can you know if being an entrepreneur will end as a dream come true or a nightmare from which you cannot awake?

This book will help you answer that question by focusing on whether or not you should take the entrepreneurial bait, and if entrepreneurship is the right thing for you—as a founder, co-founder, or investor. Based on research, and told through the stories of real entrepreneurs, it will help you answer all of the critical questions about entrepreneurship: the who, what, when, where, how, how much, and why. The answers probably aren’t what you think.

Unfortunately, almost everything we read about entrepreneurs is highly filtered, glorifying entrepreneurs whether they ultimately succeeded or not. Most highly successful entrepreneurs retain PR people to get the media to tell the positive elements of their story. There is nothing wrong with that. When I was a CEO, I had PR people on my staff; they were good for business. But the stories that were written about me, or that are written about the super-successful entrepreneurs featured on magazine covers, are not the stories we should be telling people we care about—people who want to follow in our footsteps.

A few unsuccessful entrepreneurs have blogged about their mistakes or misfortunes, purporting to offer guidance to would-be entrepreneurs. You should take their guidance with a grain of a salt—they cannot be counted on to be objective. How often do we misdiagnose or ignore our own ailments, or dismiss our own incompetency and quirks? I failed on my first try at entrepreneurship, and I didn’t understand why my effort to start a tabletop retail concept was doomed from the beginning. It took years of working with mentors

and coaches and reading avidly on the subject of leadership and performance to figure out where I went wrong. Most entrepreneurs have neither the background nor the time to accurately unravel what went wrong with their enterprises.

## Learning from Role Models

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Throughout history, people have learned how to conduct their lives by adopting role models. Having *realistic* role models helps people achieve their objectives, entrepreneurial or otherwise, at home or in the world at large. When someone succeeds, they give us the confidence to go after our own dreams; when someone fails, they teach us to beware of making the same mistakes.

Most successful entrepreneurs differ dramatically from the ones we read about. It is these unheralded and not-recently-heralded successes that we need to study. They can be great role models—and there are millions of them. They have succeeded as entrepreneurs and achieved impressive levels of fortune, respect (as opposed to great fame), and control over their own lives. These are the entrepreneurs we can aspire to be like, whose accomplishments we can hope to match by following their examples. Their stories reflect the real truth about entrepreneurship. And it is their stories that this book will tell, warts and all.

You will meet some remarkable people here—realistic and broadly applicable role models who can help you understand the critical elements of embarking on your own startup or investing in a friend's. What you will learn may surprise you. These lessons include:

- *What types of ideas lead to successful companies and how innovative do your ideas need to be?* Entrepreneurship is not usually about tech and dazzling breakthroughs—all types of ideas can create great companies. Innovation is not about doing something completely new, but rather

doing something that succeeds in getting people to change for the better.

- *What abilities do you need to succeed?* You need very few.
- *What essential knowledge is needed?* Most of what you need to know you will learn on the job.
- *Whom do you need to know and when should you ask for help?* Most entrepreneurs either fail to ask for help or accept it naively, thereby making expensive mistakes they could have avoided.
- *How do you find and pick your partners and smoothly part company with them when they start to slow you down?* Deciding to work closely with strangers, friends, family, and lovers all have their upsides and downsides.
- *How much money do you need to start your company and to be able to afford to make a few mistakes?* It doesn't take much.
- *Where and how do you raise funds to grow fast?* Beware of strangers bearing money.
- *How do you deal with the "fog of war" that is an everyday challenge in knowing what to do?* When it comes to dealing with unknowns and risky situations, self-confidence is overrated.
- *When and how can you stay in control as you grow your company?* Though this is rarely discussed, it's extremely challenging; even great entrepreneurs sometimes lose control.
- *What are the mistakes you need to avoid at all costs versus the mistakes you expect to learn from?* Some mistakes will bring you down, while other types of mistakes provide valuable education at a cheaper cost than any entrepreneurship classes you could take.

Role models illustrate what it is really like to be an entrepreneur. They can help you decide if entrepreneurship is the right thing for you—or for your cousin that's asking you for an investment. Their

stories are interesting, easy to read, and hard to forget. And I tell their stories with plenty of detail so you can fully understand what went right and what went wrong. Was it luck, talent, passion, charm, a rich uncle, or other things that were the keys to this person's success? That might be the keys to *your* success?

Many of the stories we hear or read about concern entrepreneurs who succeeded under very specific circumstances or at particularly opportune times. Luck and serendipity can certainly play a role in entrepreneurial achievement, but you gain nothing by emulating actions that led to a few random successes. The stories I have chosen to tell are relevant to everyone, not to the lucky few.

I call most of the people you will meet in these pages *bedrock entrepreneurs*. That term describes the 99.5 percent of all entrepreneurs who create more than 90 percent of all the new wealth generated by entrepreneurs in developed economies. Bedrock entrepreneurs are normal people. They are not the smartest, best-educated, most aggressive, tech-savvy people on the planet. And they grow their businesses in less risky ways than the “it’s OK to crash-and-burn,” “shoot-for-the-moon,” “use-other-people’s-money” *high-risk entrepreneurs* we read so much about.

Being a bedrock entrepreneur does not mean slow growth, low aspirations, or small enterprises. It means control, low risk, and patience. Sam Walton (Wal-Mart) was a bedrock entrepreneur, as were Ray Kroc (McDonald’s), Walt Disney, and Estée Lauder. So are Bill Gates and Michael Dell. It seems safe to say that all these great entrepreneurs would understand and empathize with the role models in this book as people very much like themselves.

Take Jordan Monkarsh, founder of Jody Maroni’s Sausage Kingdom. Jordan was the son of a butcher. A religion major in college, he never took a business course, yet he quickly created the country’s largest maker and seller of specialty sausages, all from his small savings. His story applies to anyone who aspires to create a large business selling products to consumers. It illustrates what’s important to know and what’s not. It’s also a story that will help you visualize

the many answers to the question, “What does it mean to be a successful entrepreneur?”

Stephanie DiMarco created a large and successful software company. She’s not a computer programmer, engineer, or scientist (she’s an accountant); and she didn’t need venture capital until it was entirely in her best interests to seek it. Initially, Stephanie had a computer engineer as a partner. How that became both a blessing and a curse is an important story in itself. Choosing partners and making early hires is one of the trickiest aspects of starting a company, something many entrepreneurs fumble, killing their chance of success. Stephanie serves as an excellent role model in many different entrepreneurial dimensions. Her company sold its software to other companies, the company had a successful IPO, and it grew to be global and immensely valuable. I doubt you’ve ever heard of her or of Advent Software, but her story illustrates the contrast between how most successful entrepreneurs grow their companies and how the high-risk entrepreneurs we read so much about grow theirs.

You will also meet Vidal Herrera, a disabled entrepreneur who had no choice but to start his own business or see his family starve. The world is filled with people who, like him, became entrepreneurs out of necessity. Almost all of them learn on the job how to succeed as business people. They go on to build valuable companies, often with the goal of creating a lifestyle that rewards them for having survived onerous hardships. Vidal, who grew up very poor and barely made it through high school, created a company based on the only skill he possessed that anyone cared about: performing autopsies. When he founded 1-800-AUTOPSY he had no idea what entrepreneurship was about, yet he succeeded without earning a fancy degree or plowing through complicated books on the topic.

Ken Marlin is a college dropout who joined the marines and eventually founded one of the most profitable, valuable, and influential boutique investment banks on Wall Street. Wall Street seems impenetrable and scary to virtually all entrepreneurs (particularly since we’ve seen so many large, old investment banks go down in flames in the past few years). Ken’s story shows us that prevailing

establishment wisdom about what's possible and what's not doesn't apply to entrepreneurs that are diligent and genuinely open to learning new skills.

Getting to know legendary entrepreneurs poses challenges, whether they're dead or alive. Their companies, families, financial trusts, and others have vested interests in maintaining their image. And their autobiographies are often exercises in making myths. If we are to understand such people, we need to get below the surface of the myth to a level that illuminates how things really happen.

Consider Sam Walton. On many measures he is the most successful entrepreneur of all time—Walmart has greater revenues than any company in the world, and it has created more jobs, both directly and indirectly, than any company in history by far. And Sam's family still owns a large percentage of the company, which is another amazing feat. How did he do it? Was he just lucky? Was he a pre-digital-era phenomenon? Who is the man behind the myth?

As someone who studies and teaches entrepreneurship, I needed to know the answers to these questions about Sam. I have been very fortunate to have been granted access to the archives of the Walmart Museum in Bentonville, Arkansas, where I have immersed myself in his personal papers and notes. A diligent team of archivists, aided by the Walton family and many of Sam's closest associates over the years, have collected a warehouse full of Sam's notes, reports, artifacts, and memorabilia. All this documentation and all these artifacts mean that there is plenty to learn from Sam, beyond the legend.

Having been an entrepreneur, as well as a CEO of a global public company, I can directly relate to the context and tone of his notes, letters, and memos. Reading them, you can see where his thinking started and how it evolved relative to key aspects of entrepreneurship that are just as relevant today—his experiments in making money, scaling up, finding people who would dedicate their lives to his vision, staying in control, and out-foxing even the most well-funded and experienced competitors.

He was clearly a bedrock entrepreneur. He grew his company based on coaxing ever-increasing profits from the small retail stores

he initially franchised. He was supported in his efforts with money he borrowed from family and then from banks. He relentlessly learned through experimentation and from emulating others. He took on risk but he never “bet the company.” He knew what the people he put in key positions had achieved for others and he was confident that he could provide them with the support, and surround them with a culture, that would enable them to do even better working for him. The lessons we can learn from Sam are relevant to every entrepreneur that’s ever lived, including today’s digital age high-risk entrepreneurs.

Sam wasn’t perfect and he would be the first one to say so. While you may aspire to be better than Sam in certain areas after reading this book, you will nonetheless come to understand that being a great entrepreneur has nothing to do with perfection. But every aspiring or practicing entrepreneur today, bedrock or high-risk, needs to understand Sam.

You will also get to know Estée Lauder, Ray Kroc, and Walt Disney, all of whom embody important truths about entrepreneurship. Walt Disney serves as a particularly relevant juxtaposition to Sam Walton. Sam was focused on relentlessly improving the performance of his stores, and he borrowed good ideas from wherever he found them. Walt Disney was driven by his desires to do things that had not been done before. He was open to incorporating the ideas of others into his visions, but he wanted to entertain people in completely new ways. Walt Disney innovated more businesses that directly impacted the lives of more people around the world than even Steve Jobs. Walt worked in the entertainment industry when it was the hotbed of innovations, investment, and aspiring startups, completely analogous to the period of development of the personal computer and digital electronics that served as the fertile bed of possibilities for Steve Jobs.

Walt and Steve share many personality traits, quite a few of which made them difficult to deal with but which led them to develop products they considered beautiful and perfect, often to the consternation of their colleagues. Similar to Jobs, Disney suffered setbacks too; he went bankrupt, had his second business taken away from him by his distributor, and was sidelined by his board (at the insistence of his bankers).

Estée Lauder serves as a particularly relevant role model for young aspiring entrepreneurs who want to turn their natural interests into vast enterprises. Estée aspired to rise above her very humble beginnings. Starting as a teenager, she relentlessly experimented with how to sell beauty products. It took her decades of making small profits to find out how to make the large profits that would allow her to live the life she wanted.

By contrast, Ray Kroc was fifty-two years old when he decided to dedicate the rest of his life to licensing McDonald's franchises. His story is particularly relevant to entrepreneurs seeking a career change. Ray had spent his career up until then perfecting his selling skills, which he relied upon to create a large business, when he finally spotted the major entrepreneurial opportunity he was hoping to find: selling McDonald's franchises on a national scale.

You need to understand high-risk entrepreneurs as well. With the support of venture capital they create companies that grow faster than the companies of bedrock entrepreneurs, especially when economies of scale or network effects provide a competitive advantage over everyone else. Although high-risk entrepreneurs represent less than 1 percent of all successful entrepreneurs in the United States, they do generate about 10 percent of all new entrepreneurial wealth. Not surprisingly, however, aspiring high-risk entrepreneurs fail at a much higher rate than bedrock entrepreneurs. Mark Zuckerberg, Larry Page, and Travis Kalanick (of Uber) are high-risk entrepreneurs. Their stories are well known, and won't be retold here, but you will learn why they made the right decisions in taking higher-risk paths to success. But their paths are for the very few, and I will make clear why almost all successful entrepreneurs, including many tech entrepreneurs, correctly choose not to emulate them.

Occasionally, we are fascinated with entrepreneurs who found companies that they sell quickly for large amounts of money. These "fast-flip" entrepreneurs often have interesting personalities and lifestyles, but they make terrible role models for aspiring entrepreneurs. And fast-flipping can only occur during the short windows of time associated with the hyper-adoption of major new tools and tech-

nologies. How fast-flip entrepreneurs achieve high-risk/short-term pay-offs has virtually no relationship with what entrepreneurs need to do to achieve long-term growth and profitability, and so in this book I will ignore them.

The conclusions I reach in the book are at every point consistent with the research in the field. Since the goal of this book is to describe real, potent, and relevant role models for aspiring entrepreneurs, I often rely on storytelling to convey what is important. I pay particular attention to the critical emotional components that drive entrepreneurs to do what they do. Because emotions drive actions, they ultimately drive entrepreneurial success or failure.

Unfortunately, much of what is written about entrepreneurship is misleading or wrong. Worse, our fascination with high-risk entrepreneurs can lead us to make faulty decisions that result either in failure or missed opportunity. Our fascination has encouraged more entrepreneurs to undertake risks not commensurate with the economic or social value delivered—risks taken for the purpose of setting valuation records rather than bettering the lives of others. These risks can lead to behaviors that are unethical or asocial—their sole purpose can be to increase valuations at the expense of the public. Only by becoming better educated about entrepreneurship can our fascination be refocused on the bedrock entrepreneurs that are essential to our happiness and well-being.

Entrepreneurship is a hot topic. It encourages people to claim expertise on the basis of limited personal experience. Experience can give context to the How and some of the What, When, and Where that describe entrepreneurship. But experience doesn't provide a complete picture because, as we'll see in the next chapter, entrepreneurship differs for everyone. Even among so-called experts, significant confusion has always existed about who qualifies as an entrepreneur. This confusion is so fundamental to deciding whether entrepreneurship is a good thing for you that we must start by resolving it. Fortunately, by untangling "the who," we can make the subject all the more relevant to just about everyone.

Praise for *Building on Bedrock*

**"While hot startups get headlines, 'bedrock' entrepreneurs build lasting businesses. Essential reading for every entrepreneur and policy maker."**

**—Brian O'Kelley, Founder and CEO of AppNexus**

**"Lidow will change the way you think."**

**—Danielle Cohen-Shohet, Co-Founder and CEO of GlossGenius**

**"A must-read for budding and current entrepreneurs."**

**—Greg Olsen, INC Magazine Entrepreneur of the Year**

**"*Building on Bedrock* uncovers the reality and true meaning of entrepreneurship. A must read for anyone with vision and gumption."**

**—Shikha Uberoi Bajpai, Founder and CEO of Impact Media 360,  
Executive Producer of *The Real Deal***

**"Thoroughly researched and loaded with beautifully-told stories."**

**—Ed Zschau, Professor, entrepreneur, and Congressman**

**"Lidow exposes under-recognized truths about entrepreneurship—and the dangerous gulf between 'bedrock' and high-risk ventures."**

**—Whitney Johnson, author including *Disrupt Yourself***

**"Lidow is the best chronicler of entrepreneurship of our age—with breathtaking insights on what it takes to succeed."**

**—Bruce Hack, Chairman of the Board of Technicolor**

For more, visit [DerekLidow.com](http://DerekLidow.com)

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