

6 Break-the-Rules mindsets to help you change the world

Elon Musk didn't have to worry about whether anyone would buy a Tesla. Before he and his partners started building the first Tesla Roadsters, they'd already sold 100 of them - at a cool \$100K each - for cash up front. That \$10M in cash - in revenue, not investment; and in three weeks, no less! - provided Tesla's founding team with hard evidence that they might be onto something promising.

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Drawing on two decades of research into what makes entrepreneurs *entrepreneurs*, and how they differ from the rest of us, I've learned that many successful entrepreneurs exhibit one or more of six break-the-rules mindsets that allow them to challenge assumptions, overcome obstacles, and mitigate risk to take advantage of opportunities that present themselves along the entrepreneurial path. Surprisingly, however, these mindsets run counter to the conventional wisdom that's typically found in large and well-established companies. They fly in the face of what's taught in business schools about strategy, core competencies, target marketing, financing and more.

Musk is the poster child who brings to life the perhaps boldest of these six mindsets, "Ask for the cash; ride the float." Not only did Musk sell 100 cars before he'd made a single one of them, he went on to ask for up-front deposits each time a new model was introduced. When the more affordable Tesla Model 3 was introduced in 2016, nearly 500,000 eager buyers plunked down \$1000 to grab their place in the queue. That's

nearly half a billion dollars with which to do the engineering, make the tooling, fit out the factory, and enable to first Model 3's to roll off the assembly line many months later.

CHALLENGE ASSUMPTIONS,
OVERCOME OBSTACLES,
MITIGATE RISK

BREAK THE RULES!



Counter-

The 6¹ Conventional
Mindsets of Entrepreneurs

THAT CAN HELP ANYONE CHANGE THE WORLD

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WILEY

Buy Break the Rules!

So how, you might ask, might you learn and adopt this and the other five mindsets, master them, and make them your own? First, you'll need to know what they are:

- “Yes, we can!”: When asked by a prospective customer whether they can do something promising that’s entirely new and unfamiliar and falls outside their current competencies, entrepreneurs say “Yes, we can!”. Then they figure out how!
- *Problem-first, not product-first, logic*: Entrepreneurs know that if they solve genuine customer problems their businesses will thrive!
- Think narrow, not broad: Once success is established in a tiny market, entrepreneurs know, learning happens to enable their businesses to grow from there.
- Ask for the cash, ride the float: By getting customers to pay in advance, and by paying their suppliers afterwards, entrepreneurs put that spare cash into growing their businesses.
- Beg, borrow, but don’t steal: “Borrowing” the resources an entrepreneur needs to start something new beats investing in those resources, hands-down.
- Instead of asking permission, beg forgiveness later: When the legal or regulatory landscape is ambiguous or uncertain, entrepreneurs simply plow ahead.

But knowing what these mindsets are and doing things differently in accord with them are different things, of course. And that’s where mindsets come into play. *Mindsets are the collection of beliefs and thoughts that make up the mental attitude, inclination, habit or disposition that predetermines a person’s interpretations and responses to events, circumstances and situations. Simply put, successful entrepreneurs interpret and respond differently to events, circumstances and situations than do their more conventionally-minded business peers. You can, too.*

How? If you want to get your hands on your customers' cash – up-front, before you've built and delivered what they've agreed to buy, for example – I offer you some tips that will help you get started:

- *Focus on solving a genuine customer problem, rather than simply offering a product (That's mindset number two: Problem-first, not product-first logic.)*
- *Build a compelling prototype: In 2009, Tesla struck a deal with Daimler AG, the German maker of the Mercedes Benz. Daimler made a \$50 million investment in Tesla for a 10 percent stake. Tesla agreed to provide battery packs for a new electric version of Daimler's Smart car. What made the deal happen? Tesla engineers refitted a used Smart car with an electric motor. Its instant torque transformed the Smart car into a hellcat!*
- *Invest in your personal brand. As Bruce Sidlinger, an owner of three Tesla vehicles reported, "Elon Musk is one of our planet's great hopes. I would offer a kidney to him if he needed it."*
- *Build trust. No one will give you cash up-front if they don't trust you. If the 19-year-old Michael Dell could get his first customers to pay in advance for the first Dell computers, so, too, can you!*

If an entrepreneurial path is the kind of journey you wish to undertake – whether as a leader or as an engaged participant therein; whether you're already on such a path or soon to embark – adopting and mastering the six break-the-rules mindsets will give you a fighting chance to beat the long odds.

John Mullins is an internationally recognised thought leader on entrepreneurship, professor of management practice at London Business School, and a best-selling author of new book *Break the Rules! The 6 Counter-Conventional Mindsets of Entrepreneurs That Can Help Anyone Change the World* (Wiley, £21.99).

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