An Entrepreneur’s Model: Building a Lasting Legacy
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Three Types of Small-Business Entrepreneurs

Some entrepreneurs get into a business for a relatively short time, usually 5-10 years, in order to build equity and business value. They then sell or merge the business into another company, whereby they take their cash or stock gains and repeat the cycle in a new venture. These folks are sometimes called “serial entrepreneurs.” (Some of these leaders may become noteworthy philanthropist after a series of successful business ventures, or when they finally retire.)

Other entrepreneurs own a single small business during most of their work lifetime. They work hard every day in order to make a comfortable living for themselves and their families, ultimately leading to an independent, carefree and content retirement. These folks are sometimes referred to as “lifestyle entrepreneurs.” They often see their business come to an end when they retire. However, sometimes they get more money out by passing the business on to children, employees or an outsider.

Legacy Entrepreneurs

A third, smaller group of entrepreneurs also stays committed to usually one successful venture. However, this type is inspired to leave something behind of lasting importance and value to their customers, industry, families, communities and loyal employees. They stand for a social cause that is bigger than they are. Looking beyond their own lives, they work to build an image and reputation of industry and community leadership and citizenship. I call these folks “legacy entrepreneurs.” They find meaning in creating something of significant and lasting value for their corner of the world, whatever that corner is.

All three types of entrepreneurs (serial, lifestyle and legacy) obtain meaning and purpose from their work. Also, all build companies that provide great value to our national economy. In my observation, the “legacy entrepreneur” is a steadily growing segment of independent business owners. In my view, legacy entrepreneurs are building, and will continue to build, companies of significant competitive advantage in the marketplace by creating stronger bonds with their customers, employees, industries and communities. Because of the goodwill they generate, and the significant and relevant social causes they are associated with, these entrepreneurs build companies that can attract capable employees and good customers better than their competitors, thereby becoming more productive and profitable.

Results from the 1999 Cone/Roper Cause Related Trends Report confirms the competitive advantage of legacy companies. Cone/Roper reports that over 80% of consumers have a more positive image of companies that support a social cause they care about. Also, about two-thirds of consumers would be likely to switch brands or retailers to one associated to a good cause when price and quality are equal. In terms of company employees, 90% feel a strong sense of loyalty to companies with cause programs, yet they report that only 50% of their employers have programs associated with a social cause. Thus, there seems to be a growing attraction by customers and employees towards legacy companies.

Cone/Roper also identifies “Cause Branding” (a strategic, stakeholder-based approach to integrating social issues into business strategy, brand equity and organizational identity) as a new business standard. They say that many successful companies have incorporated cause branding into their
business and have successfully created win-win-win impacts on their employees, customers and communities.

The Next Wave of Entrepreneurship

Inc. Magazine’s Executive Editor, Michael Hopkins also corroborates the notion of “legacy companies.” He recently spoke to the New England Institute of Management Consultants and said, “For businesses to be successful in the next millennium they must give customers what they truly want, give employees meaning in their work, and be known for something distinctive in the marketplace and community.”

There are many examples of this type of business leaders in New England. Some are Linda Mason and Roger Brown of Bright Horizons, Jeffrey Swartz of Timberland, Ben Cohen and Jerry Greenfield of Ben & Jerry’s, Tom First and Tom Scott of Nantucket Nectars, Jeff Saunders of The Lenox Hotel, Stephen Grossman of Mass Envelope, and Gary Hirshberg of Stonyfield Farms. All of these entrepreneurs work hard to serve not only their business but also a compelling and responsible cause that is beyond their business and themselves.

If you identify with the above profile, it has implications for: what you will focus on in your entrepreneurial work, the kind of meaning you take from your efforts, the style of business you will create, and the type of business leadership you demonstrate.

A number of factors characterize successful legacy entrepreneurs and their companies. These factors include continual company reinvention as industry conditions change, sound management and planning their succession, sound corporate ethics and responsibility, a shared leadership style, and having an outside advisory board.

It appears that legacy entrepreneurship is and will continue to become an effective model for business leadership for the owner-managed company. The question for you to consider, either as a solo entrepreneur or business partnership, is what type of entrepreneur do you want to become, and is legacy entrepreneurship a possibility for you?

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