

Lifestyle Entrepreneurs

They apply funds to frivolous personal needs, and their companies miss opportunities and make careless forays.



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Lifestyle entrepreneurs' is not a term of endearment for scions of the fashion industry. It refers to entrepreneurs who run their companies as an extension of their lifestyle. You know who they are. They drive fancy company cars and their entertainment budget runs into five or six figures. What's wrong with that? Nothing, IF the company is doing well and the business plan is on track.

I don't remember when I started using the term 'lifestyle' but I do remember the instances when it aptly described the situation; like the CEO who was buying expensive art for the office whilst the CFO was scrambling to keep the company afloat. I also remember the time that another CEO bought himself a brand new BMW right after being funded, but the BMW was never listed under "Use of Proceeds" before the financing. Care to add your own experience or story? Email me and we'll compile it for the benefit of all.

Still not clear on the terminology? Think of it as your least favourite relative coming to stay with you for an entire month and mooching on you. Well, that's how I feel when we finance an entrepreneur that applies our funds to frivolous personal needs before the company has even justified being funded in the first place. It's another thing if the company demonstrates increased sales, greater productivity in operations, or even beat projections! Well that's only the obvious part of a lifestyle entrepreneur. What is not obvious is the missed opportunities and careless forays that a company undertakes under such leadership. Such an entrepreneur shuns a takeover even if it means that every shareholder could realise a very nice return, because it might mean giving up a certain lifestyle accorded to his position

as CEO. Forget about entering new markets where the company and the CEO is a virtual unknown. Heck, why give up the comfort of being the local Tai Pan in a small market for the headaches of competition in a large market. So what if profits are declining, the local market is good for another two years you say and after that it's the next guy's problem.

Is this starting to sound more and more familiar? Ever been to a dentist who time-shares his hands amongst five patients, flitting from one patient to the next so as to avoid any idle time? Ever sat unattended in your chair with your mouth


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braced wide open while he fixes another patient's teeth? Just hope that your jaw doesn't lock up! The dentist is entitled to make a decent living, but that doesn't mean that we have to be put out for his benefit.

The term lifestyle therefore does not apply to entrepreneurs alone. It can be applied to various occupations and professions including venture capitalists,

doctors, engineers and civil servants. It's a morphing of one's company or one's operations to one's own image, and not necessarily for the benefit of the stakeholders, be they shareholders, employees, suppliers, or investors.

But this article is about entrepreneurs so let me mention some other types that I have come across such as the 'Wheeler Dealer'. This guy has so many deals going that we don't quite know what deal he is actually asking you to fund. But one thing is for sure, anything he recommends comes with something for himself although you won't know it. Notwithstanding, the wheeler dealer is much more preferable than the 'Crook'. Nothing is what it seems with this guy and forging a bank document is simply a test of penmanship to him. There is absolutely no easy way to deal with a crook or to be prepared for one because the crook has set his mind at the outset to deceive you. If you got hooked into giving him money, don't settle into complacency thinking that you are protected by whatever agreement you have signed. So don't delay taking action, sue and/or get the police involved.

Another type of entrepreneur you will encounter is the 'Job Hunter'. He figures that if he can't get a job he might as well dream one up. Finally, the one that we like is the 'Driven' one. This is the guy that is 'on a mission'. Sure he wants to make money but that's not all. This guy wants to prove the naysayers wrong, that his idea is sound, that it's worth mortgaging his house, that sleep is a luxury, etc. If you're out there with a great idea, you're driven and you are honest, MSCVC wants you! 

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