

Entrepreneur Strengths Study:

Results from a Preliminary Study of the Brief Signature Strengths and GRIT-S Scale of Seasoned Entrepreneurs

“Is a complete disparity possible between a man’s character and fate?

Or, looking at the main point, does the fate of everyone conform to his character?

Or finally, does a secret inconceivable necessity, comparable to the author of a drama, actually fit the two together in ways suitably? But on this very point we are in the dark.”

Schopenhauer



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Abstract

Do seasoned successful entrepreneurs exhibit a blend of unique signature character strengths and persistence compared to the general population? If so, does it matter? In this brief preliminary study, roughly 200 adults (seasoned successful entrepreneurs and expert advisors answering for successful entrepreneur clients) completed an online survey measuring the character strengths of entrepreneurs, and measures of their consistency of interest and persistence of interest (Grit). Signature strengths are positive traits that a person owns, celebrates, and frequently exercises (Park & Peterson, 2006). The results of the preliminary study presented here illustrate that on the basis of absolute results the Top Five Character Strengths for Entrepreneurs are: Authenticity, Leadership, Fairness, Gratitude, and Zest. These are a unique cluster of distinct signature strengths, more than a simple demographic, which highlight a unique balance of strengths of the heart and the mind in individuals who are strongly “outwardly focused” (Peterson, 2006). Grit is perseverance and passion for long-term goals; working strenuously toward challenges, maintaining effort and interest over years despite failure, adversity, and plateaus in progress (Duckworth et al, 2007). Relative to the general population, entrepreneurs score high on Grit and exceptionally high on “persistence of effort.” Surprisingly, some strengths conventionally associated with entrepreneurs by the media or even by Harvard Business School (2007) like creativity, were found to be in their Bottom Five strengths. Does it matter? Ultimately readers will answer for themselves, but given the desirable social and economic outcomes that entrepreneurs produce, if we can better understand their signature character strengths and tenacity it will be useful for educators, lenders, equity investors, fledgling or “would be” entrepreneurs (including students),—even colleagues and spouses of entrepreneurs. As far as I know, this is the first research of its kind to study how the VIA Inventory of Character Strengths and the Grit Scale apply to entrepreneurs.

**Entrepreneur Strengths Study:
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GRIT-S Scale of Seasoned Entrepreneurs**

For over twenty-five years, I have been totally immersed in closely working with some of the most experienced and successful entrepreneurs in North America. Because my role has been as a trusted advisor to these private company owners, I have had the unusual freedom of having insight into the most intimate personal goals of entrepreneurs (individually, and for their families), in addition to purely business objectives. Generally, the thematic area of focus is how to assure sustainability and longevity of the owner-managed enterprise beyond its current individual owners. In so doing, advisors work to create, analyze, and implement strategies that drive Enterprise Value for all stakeholders; and frequently, to capture a capital gain from the value of the enterprise that they worked so hard to build...and for which they made such great personal and professional sacrifices for years. I have advised hundreds of entrepreneurs towards billions of dollars of Enterprise Value creation and ultimately realization.

Being intimately involved with seasoned successful entrepreneurs for so long has caused me to muse about how they make decisions differently than the general population—particularly in the domain of risk. Are there affirmative characteristics that they share? Is it something in their traits or in their actions? When it comes to character, what are the different components of character specific to entrepreneurs? Could there be common strengths that they possess or develop? The emerging field of positive psychology seeks to study and develop a spectrum of knowledge about optimal human functioning (or performance); increase understanding of factors that allow individuals, communities, and even societies to flourish. Moving beyond the study of disorders or illnesses, positive psychology seeks to study the positive human qualities that define what is best in people; the strengths or characteristics that give them comparable advantage. The

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co-founders of positive psychology, Martin Seligman and Mihaly Csikszentmihalyi, published a comprehensive introductory article which is instructive (Seligman & Csikszentmihalyi, 2000).

The VIA Brief Inventory of Strengths (Peterson et al., 2005) is a well-known survey of character strengths built on the foundational work in the VIA Classification of Character Strengths (Peterson & Seligman, 2004). This classification highlights a family of character strengths which fall under six core virtues that met exhaustive criteria. A detailed presentation is outlined in Peterson & Seligman (2004). Our empirical work with entrepreneurs led us to hypothesize that they have a signature blend of character strengths which are unique, and distinct from the general population.

The study of the Brief Character Strengths was supplemented with the additional study of Grit to prove the further hypothesis that seasoned successful entrepreneurs have Grit to a greater degree than the general population. Duckworth et al (2007) defines Grit as perseverance and passion for long-term goals, and found that Grit predicted the accomplishment of very high challenges among very high achievers better than self discipline or intelligence. Sounds like entrepreneurs! Because both positive psychology measures (the Brief Character Strengths and the Grit-S scale) were applicable to increasing our understanding of seasoned successful entrepreneurs, both measures were applied in this study.

In many cases, advisory firms like ours guide entrepreneurs toward the largest wealth creation transactions of their lives. Such transactions are infused with emotion, as ownership transitions have important implications for the entrepreneur's identity, meaning, (and naturally) family financial security and ability to fulfill philanthropic interests. Since entrepreneur owner-managers often are in effect, "one with their businesses", it defines many (but not all) aspects of who they believe they are. In the formative years most entrepreneurial companies are bootstrapped, i.e. financed with family or friends, personally guaranteed loans to the business or second mortgages on homes from banks. Founders frequently pay themselves

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low or no salary during those times. Almost always overlooked by other observers of these entrepreneur owner-managers is that the wealth they build is largely in the Enterprise Value of the business. Enterprise Value is the shorthand name for the gross Fair Market Value of the business that the entrepreneur owns. It is convenient to assess the outcome of the entrepreneurs' efforts by measuring the Enterprise Value during their tenure as CEO, or at the time of a capital gain transaction. By definition the Enterprise Value is concentrated, risky, and illiquid. It does not give them a surplus of liquid assets to invest or consume until the time of a capital gain transaction. So the wealth creation is not linear—it is necessarily lumpy. I have never met a seasoned successful entrepreneur where accumulation of wealth was the definitive goal.

There have been many studies involving “wanna be” entrepreneurs, and fledgling, or nascent entrepreneurs (e.g., Rauch & Frese 2007, Reynolds et al., 2004). On the other hand, this is a study of seasoned successful entrepreneurs who persisted beyond the traditional high failure rates and have created enterprises of great significance to multiple stakeholders and society. Entrepreneurs in this preliminary research are defined very specifically, referring to independent ownership, and active management, not merely an intention to do so. Conclusions from studies of “wanna be” entrepreneurs (who may have good intentions but little or no track record) are inherently less persuasive than this preliminary research. Such studies strike us as a little like trying to understand the characteristics of champion golfers by studying participants at a weekend golf school, rather than analyzing Tiger Woods.

Entrepreneurs are an economic driving force. Over the past several decades as access to technology has “leveled the playing field” (where heretofore large bureaucratic institutions may have had an advantage), entrepreneurs have become one of the most socially desirable and economic driving forces in contemporary America. In 2005, more than 12.6 million individuals were involved in starting more than 7.4 million ventures—more than the number of people who marry or become parents annually (Reynolds & Curtin, 2008). These 7.4

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million new business starts will eventually become 600,000 employer firms, evidence that it takes many startups to create new sustainable firms. New entrepreneurial ventures replenish and maintain the population of operating businesses that power the United States economy. For research purposes, the U.S. Small Business Administration defines a small business as an independent business having fewer than 500 employees (Kobe, 2007). Using this definition, small businesses represent 99.7 percent of all employer firms, employ about half of all private sector employees, pay nearly 45 percent of total U.S. private payroll, have generated 60 to 80 percent of net new jobs annually over the last decade, create more than half of nonfarm private gross domestic product (GDP), and hire 40 percent of high tech workers (such as scientists, engineers, and computer workers). They also make up 97.3 percent of all identified exporters and produced 28.9 percent of the known export value in FY 2006 (Kobe, 2007)

Entrepreneurs are a socially desirable driving force. As Schramm powerfully stated, “Entrepreneurs form the other half of the symbiosis between business and the non-profit sector. Without entrepreneurs and the new firms they create—firms that create nearly all the net new jobs in our economy every year—we would have no new wealth to support either the government or the non-profit sector.” Think about that. Government can’t create wealth, nor can the non-profit sector. Only for-profit firms can create wealth, pay taxes, and secure the economy’s future. “And entrepreneurs are central to this process” (2009 p.1). From the socially desirable viewpoint, a cursory glance at the names of the one hundred largest private charitable foundations in the U.S. proves that entrepreneurs have made larger contributions to the not-for-profit social sector organizations than any other kind of donor through their private charitable foundations: Gates (now including Buffet), Ford, Getty, Wood, Kellogg, MacArthur, Mellon, Moore, Hewlett, and Lilly, to name a few (Foundation Center, 2009). Taylor et al. (2009) further estimates that an additional \$5 to \$6 trillion (that’s five to six thousand billion) in new charitable capital will be donated by entrepreneurs in the next twenty years. Many donors are inclined to

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have these funds spent on causes they feel passionately during their lifetime (or shortly thereafter). This is markedly different from wealth creation in the 20th century which frequently focused on providing wealth to large numbers of family members and for the future generations to come.

Entrepreneurial firm creation is an important ladder on which many who are economically underrepresented, including immigrants, women, and minorities, may climb, should they find limited advancement in their old economy jobs. Entrepreneurs' efforts generate ongoing innovation and the improvement of products, services, and institutions (Luthans, 2008).

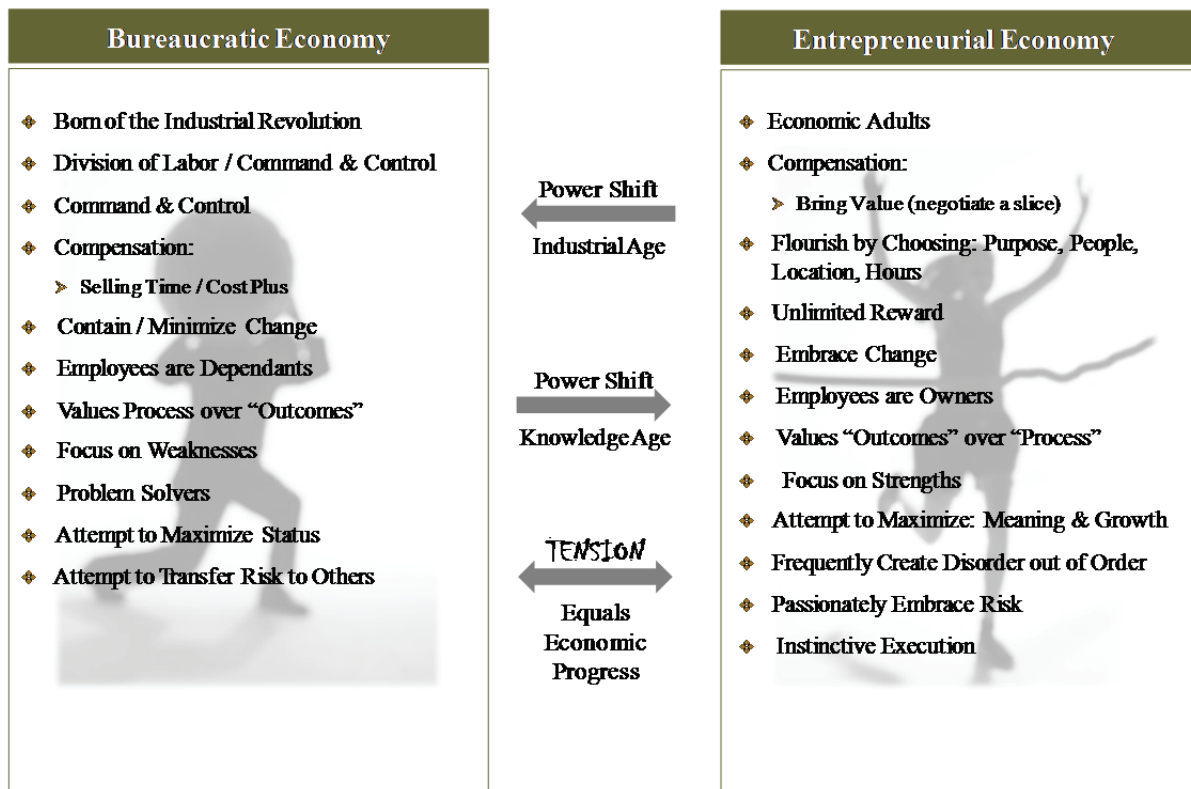
It is curious the way that entrepreneurs and their motives are commonly misunderstood by the general population, the media, educators, investment advisors, and even experienced psychologists. It is a lack of understanding that may have contributed to the absence of clarity on entrepreneurs' motivations, personality type, and character strengths. Such a caricature of an entrepreneur would suggest characteristics like inventor, creativity, risk taker, self absorbed, profit motivated, or even ruthless. The media frequently concludes that successful entrepreneurs are "risk takers", and infer (incorrectly) that risk-taking makes one successful. Further examination into the population of failed entrepreneurs, would have caused the media to infer (correctly) that failed entrepreneurs were also "risk takers" (Taleb, 2001).

After working closely with entrepreneurs owner-managers for over two and a half decades, I can say that the caricature of the prototypical entrepreneur painted by the popular media is both naive and incorrect. Experience shows that these are emphatically not Ivy educated MBA's with a Gordon Gecko approach to profit, nor are they the typical brilliant tinkerers who were driven to invent the next light bulb. Rather frequently, these self-described "ADD dyslexic misfits" don't fit neatly into stereotypical descriptions. They may be, if anything, less educated than the general population, infrequently business school graduates, and yet they are the most fascinating, caring, generous, and at the same time persistent people you will ever

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meet. Often, they are charmingly candid about their strengths and their foibles. Profit motivated? Hardly. I have spent countless hours counseling entrepreneurs on the survival need for above average levels of profitability and cash flow to support their growing operations. They are optimists, ever enthusiastic about the prospects for their organizations, but profit as an objective, or even a result, is usually far down the list of priorities. These emphatically are not “Trump-like” characters. They are more often occupied with trying to build sustaining organizations, ones that have longevity beyond themselves as mere individual owners. They almost always think of their organizational members as extended family. Figure 1, on the following page, illustrates some observations about the entrepreneurial economy compared to the bureaucratic economy generally.

Figure 1



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The hypothesis of this study is that entrepreneurs have unique VIA Brief Signature Character Strengths and Grit-S Scale Profiles compared to the general population. If this is true, does it suggest that individuals who want to be entrepreneurs can self test to determine whether they fit the character strengths profile of successful entrepreneurs (or whether there are certain Signature Strengths that they could cultivate)? Could entrepreneurs and their organizations be able to measure employment candidates for leadership positions on whether they possess Signature Strengths and Grit Profiles in proportions proven to have been successful in entrepreneurs? Will individuals with the character strengths to be successful entrepreneurs be easily identifiable (a matter of consequence to capital providers)? Teachers of entrepreneurs in higher education might be able to counsel incoming students regarding their capacity in strengths that predict success as entrepreneurs. This alone is a large addressable market as the Kauffman Foundation estimates that over 2000 colleges in the U.S. have entrepreneurship courses (2008).

Given the destruction of the post industrial bureaucratic organizations that is taking place around us, now is not the time to be complacent about the role of new firm creation in the United States, nor to overlook the potential that these new firms and their entrepreneur owners have to bring about positive change. Entrepreneurs are an impetus for positive change. Yet it is axiomatic that half of all start up businesses fail by their fourth year (Headd, 2001). Since the “failure rate” of new ventures is so high, yet the social and economic outcomes are so spectacular, what if together we increased our understanding of character strengths and Grit so that the persistence/success rate also increased significantly? In gaining further insight into the character strengths and Grit of seasoned successful entrepreneurs, it will be possible to reduce the failure rate, and increase the yield of entrepreneurial activity resulting in more socially and economically desirable outcomes.

Although each has generally ignored the other, the fields of entrepreneurship and positive psychology have arguably been among the most explosive within recent years. The

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great breakthroughs of the next century will not be in working on analytics to solve illnesses, nanotechnology, financial derivatives, nor meteorological research to prove global warming. The great breakthroughs of the next century will be increasing our understanding of our human behavior and focusing on the unique positive character strengths of individuals, so as to put one's self in an environment and life arc which optimizes those strengths. Creating and sustaining new organizations is critically important in today's global economy. To date (especially as related to positive psychological capacities such as hope, optimism and resiliency) no empirical research exists (Luthans, 2006). Park & Peterson (2006) urge that positive psychology must seek its subject matter where it is most likely to be found. That said, the study of entrepreneur owner-managers is a natural setting for positive psychology.

Method

Architecture. This preliminary study uses reliable and valid standardized measures, widely recognized and published in the positive psychology literature. The study has two parts. Part One is a study of the seasoned entrepreneurs themselves. Part Two is a study of key informants: experienced, expert advisors to entrepreneurs who responded to the same survey (but answered on behalf of their entrepreneur-clients). In spring 2009 we surveyed several hundred entrepreneurs and expert advisors to entrepreneurs who answered for their clients. These expert advisors are professionally engaged in the fields of law, accounting, commercial banking, investment advisory, or as entrepreneurial company directors and investors. Arguably, since all have multiple entrepreneur clients, these advisors have observed many more entrepreneurs in action than the entrepreneur respondents themselves and so, in a way, have often have a more intimate objective knowledge of them, qualifying these advisors as expert informants. Park & Peterson (2006) are persuasive as to why we chose this approach: "There is no simple solution to these (research) dilemmas except to urge positive psychologists to obtain information from multiple sources. Self-report is a good place to start, but researchers must additionally turn to

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knowledgeable informants as well as more objective indices of thriving” (p. 295). They conclude that “positive psychology must seek its subject matter where it is most likely to be found. These places may not always include the typical source of research participants: psychology subject pools and psychiatric clinics” (p.293).

Participants. The participants were 33 seasoned successful entrepreneurs and 174 expert advisors to entrepreneurs. Our definition of seasoned successful entrepreneur required these individuals to have controlled and owned (by being CEO and owning at least twenty percent of the common stock) enterprises which yielded significant enterprise value (in the tens of millions of dollars) and/or grew to have hundreds of employees. These entrepreneurs were drawn from a wide variety of fields and industries: from those who founded or acquired manufacturing businesses, technology/internet startups, and significant service businesses. The sample is designed to be representative of seasoned successful owner-manager entrepreneurs in the United States. All of the respondents are male. The estimated average age of the respondents is 50 years old (range 30 to 60’s). The typical level of educational attainment is estimated to be a Bachelor’s degree.

The prototype advisor surveyed is estimated at roughly twenty years experience with multiple experienced entrepreneur clients. The sample is representative of mature, highly expert, self-identified advisors to entrepreneurs who have worked closely and repeatedly with entrepreneurs. The gender of the respondents is representative of the general advisor population. The typical age of the respondents is estimated in their 50’s. The typical level of educational attainment is estimated to be a Masters degree.

Measures

Character Strengths. The VIA Brief Inventory of Strengths (Peterson et al., 2005) is a 24-item self-report questionnaire that uses 5-point Likert scales to measure the degree that respondents agree with strength based statements about themselves (1 = *never/rarely*

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through 5 = *always*). According to the AuthenticHappiness.org website, this questionnaire measures the same character strengths as the VIA Signature Strengths Survey. It's a shorter version that depends a bit more on the respondent's interpretation of the brief descriptions of the strengths. In the current investigation, the data on the general population is extracted from the Authentic Happiness website and so as to provide as close a comparison as possible, is based upon 9,088 American males with Bachelor's degrees who are 25-64 years old.

Grit. The Short Grit (Grit-S) Scale (Duckworth & Quinn, 2009) is an 8-item self-report questionnaire that uses 5-point Likert scales to measure the degree the respondents agree with statements about their consistency of interests and persistence of effort (1 = *not at all like me* through 5 = *very much like me*). Duckworth et al. (2007) define Grit as perseverance and passion for long-term goals. Respondents are asked to answer four questions pertaining to consistency of interests, and four questions pertaining to persistence of effort. Sample questions measuring perseverance of effort include "I finish whatever I begin; Setbacks don't discourage me; I am a hard worker; I am diligent." In the current investigation, the data on the general population refers to the published means in Study 2 of Duckworth & Quinn (2009).

Procedures. The respondents surveyed in this study were explicitly recruited to participate in this research either in person, on the phone, or by email, and then asked to complete the on-line survey document. Advisors were asked to complete the survey as if they were answering for their entrepreneur clients. No remuneration was offered or provided.

Results

Brief Strengths Results. As shown in Table 1, the hypothesis that entrepreneurs have unique signature character strengths distinct from the general population is supported by the outcome of this research. Table 1 provides the means, standard deviations, *t*-statistics, *p*-values, and Cohen's *d* statistics from *t*-tests comparing the entrepreneurs' and advisors' ratings to the general population for the 24 character strengths measured in this preliminary study. Using the

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mean results from entrepreneurs and advisors, the Top Five Character Strengths of Entrepreneurs were Authenticity, Leadership, Fairness, Gratitude, and Zest (see Table 1). The correlation of character strengths between the entrepreneurs' and the expert advisors' rankings was very high, $\rho = .85$ (see Table 2), indicating that the character strengths reported by the advisors corroborate the data provided directly by entrepreneurs. As can be seen in Table 3, the pattern of significant absolute results is generally corroborated by the rank-order analyses. Specifically, Authenticity, Leadership, Gratitude, and Zest tended to be consistently higher for entrepreneurs relative to the general population. Interestingly, when looking at rank order (Table 3) several rank differences of the Character Strengths of Entrepreneurs that differed the most from the general population on average are notable. For example, Zest is +19.5 ranks higher than the general population, Hope is (+15.8), and Persistence (+11.3). Curiously, Love of Learning scored -15 points lower on average in rank than the general population.

Table 1
Single-Sample *t*-tests Comparing Entrepreneurs' and Advisors' Ratings to means (μ) from the Authentic Happiness Data

Brief Strengths Item	Entrepreneurs						Advisors						μ	Average ¹
	<i>N</i>	<i>M</i>	<i>SD</i>	<i>t</i>	<i>p</i>	<i>d</i>	<i>N</i>	<i>M</i>	<i>SD</i>	<i>t</i>	<i>p</i>	<i>d</i>		
Authenticity	31	4.61	0.50	9.25	<.001	1.66	155	4.02	0.86	3.31	0.001	0.27	3.79	4.32
Leadership	33	4.42	0.61	7.15	<.001	1.24	159	4.06	0.82	6.16	<.001	0.49	3.66	4.24
Fairness	33	4.52	0.51	3.00	0.005	0.52	159	3.94	0.65	-6.04	<.001	-0.48	4.25	4.23
Gratitude	33	4.39	0.61	2.77	0.009	0.48	160	3.90	0.86	-2.96	<.001	-0.24	4.10	4.15
Zest	33	4.15	0.62	10.70	<.001	1.86	161	4.09	0.72	19.17	<.001	1.51	3.00	4.12
Persistence	33	4.12	0.70	5.87	<.001	1.02	167	3.98	0.87	8.45	<.001	0.65	3.41	4.05
Hope	33	4.12	0.78	6.85	<.001	1.19	161	3.98	0.81	12.36	<.001	0.97	3.19	4.05
Teamwork	33	4.24	0.75	2.16	0.038	0.38	152	3.69	0.89	-3.72	<.001	-0.30	3.96	3.97
Curiosity	32	4.06	0.80	1.93	0.063	0.34	172	3.69	0.92	-1.48	0.141	-0.11	3.79	3.88
Love	31	4.00	0.68	5.87	<.001	1.05	146	3.62	1.00	4.07	<.001	0.34	3.28	3.81
Kindness	33	4.00	0.71	2.93	0.006	0.51	162	3.62	0.91	-0.32	0.750	-0.03	3.64	3.81
Bravery	32	3.88	0.91	4.15	<.001	0.73	155	3.72	0.93	6.87	<.001	0.55	3.21	3.80
Wisdom	32	3.84	0.92	-0.59	0.558	-0.10	154	3.73	0.94	-2.79	0.006	-0.23	3.94	3.79
Open Mindedness	33	3.85	0.71	0.15	0.882	0.03	171	3.61	0.86	-3.27	0.001	-0.25	3.83	3.73
Social Intelligence	32	3.94	0.72	3.22	0.003	0.57	160	3.50	0.98	-0.39	0.698	-0.03	3.53	3.72
Prudence	33	3.82	0.73	2.75	0.010	0.48	151	3.62	0.92	1.94	0.054	0.16	3.47	3.72
Humor	33	3.88	0.82	0.83	0.411	0.14	163	3.56	0.92	-2.79	0.006	-0.22	3.76	3.72
Appreciation of Beauty	33	3.79	0.89	1.53	0.136	0.27	145	3.37	1.09	-2.04	0.044	-0.17	3.55	3.58
Love of Learning	33	3.73	0.84	-1.05	0.304	-0.18	165	3.38	1.12	-5.77	<.001	-0.45	3.88	3.56
Self Regulation	33	3.64	0.78	2.98	0.005	0.52	147	3.44	0.89	2.79	0.006	0.23	3.23	3.54
Modesty/Humility	33	3.88	0.86	1.40	0.171	0.24	161	3.17	1.07	-5.88	<.001	-0.46	3.67	3.53
Creativity	31	3.45	0.93	-0.83	0.412	-0.15	173	3.39	1.03	-2.60	0.010	-0.20	3.59	3.42
Forgiveness/Mercy	32	3.53	0.84	1.89	0.068	0.33	138	2.76	1.09	-5.27	<.001	-0.45	3.25	3.15
Religiousness/Spirituality	32	2.59	1.21	-0.17	0.867	-0.03	131	2.21	1.16	-4.12	<.001	-0.36	2.63	2.40

Note. Using a Bonferroni correction to protect the Type I error rate ($\alpha = .05/24$) gives an alpha of .002.

¹ This is the average of the Entrepreneurs and Advisors' means (*M*)

Table 2

Rho (ρ) Correlations of the Brief Strengths Rankings for the Authentic Happiness (AH) Data, Entrepreneurs, and Advisors			
Group	1	2	3
1. AH	-		
2. Entrepreneurs	.34	-	
3. Advisors	.14	.85	-

Table 3 – "Top Five"

Brief Strengths Rankings and Differences in Rank Order of Means for the Authentic Happiness (AH) data, Entrepreneurs, Advisors, and the Average of Both on the Brief Strengths Test

Brief Strengths Item	Ranks				Difference from AH data		
	Entrepreneurs	Advisors	Mean ¹	AH	Entrepreneurs	Advisors	Mean ²
Authenticity	1	3	1	8	7	5	6
Leadership	3	2	2	11	8	9	8.5
Zest	6	1	3	23	17	22	19.5
Fairness	2	6	4	1	-1	-5	-3
Gratitude	4	7	5	2	-2	-5	-3.5
Persistence	7	4	6	17	9.5	13	11.3
Hope	8	5	7	22	14.5	17	15.8
Teamwork	5	10	8	3	-2	-7	-4.5
Curiosity	9	11	9	7	-2	-4	-3
Kindness	10	12	10	12	2	0	1
Love	11	13	11	18	7	5	6
Bravery	15	9	12	21	6	12	9
Wisdom	17	8	13	4	-13	-4	-8.5
Social Intelligence	12	17	14	15	3	-2	0.5
Humor	13	16	15	9	-4	-7	-5.5
Open Mindedness	16	15	16	6	-10	-9	-9.5
Prudence	18	14	17	16	-2	2	0
Modesty/Humility	14	22	18	10	-4	-12	-8
Self Regulation	21	18	19	20	-1	2	0.5
Appreciation of Beauty	19	21	20	14	-5	-7	-6
Love of Learning	20	20	21	5	-15	-15	-15
Creativity	23	19	22	13	-10	-6	-8
Forgiveness/Mercy	22	23	23	19	-3	-4	-3.5
Religiousness/Spirituality	24	24	24	24	0	0	0

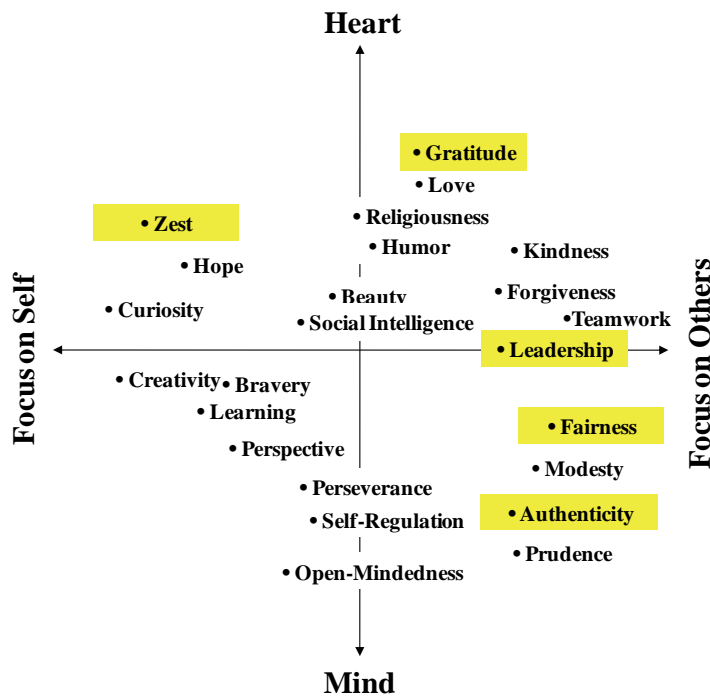
¹ This is the average of the Entrepreneurs and Advisors' ranks

² This is the average of the Entrepreneurs and Advisors' difference from AH data

Using Peterson's circumplex model (2006), these strengths are shown in Figure 2, on the following page, to be a diverse blend of strengths of the heart and strengths of the mind.

Interestingly, they are skewed towards strengths that demonstrate a focus on others (as opposed to focus on self).

Figure 2 - Average Top Five Highlighted



Grit-S Results. As shown in Table 4, the hypothesis that entrepreneurs have unique Grit-S scale profiles is supported by this study. Entrepreneurs, as rated by themselves and by their advisors, were significantly higher than the general population on the full short Grit Scale and each of its subscales.¹ Effect sizes ranged from .39 to .78 (moderate to large; Cohen, 1992). These results suggest that entrepreneurs are very gritty compared to the general population. Persistence of Effort was the most dramatic finding with *ds* ranging from .75-.78. Observed internal reliability coefficients (Cronbach’s alpha) are presented in Table 4. Table 5

¹ Thirteen advisors and two entrepreneurs missed one or two items from the Grit-S. The average of their available items was used for their Grit-S and subscale scores. The results were virtually identical when excluding them from the analyses. Data from two advisors were omitted from these analyses because they missed more than two of the Grit-S items.

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shows that there is no meaningful difference between the Entrepreneurs' rating of themselves and the Advisors ratings of them.

Table 4
Single-Sample *t*-tests Comparing Entrepreneurs' and Advisors' Ratings to (Duckworth and Quinn, 2009) Published Means of the Short Grit Scale

	<i>N</i>	<i>M</i>	<i>SD</i>	μ	<i>t</i>	<i>p</i>	<i>d</i>	Internal Reliability
Entrepreneurs								
Grit-S (8-item)	33	3.68	0.59	3.40	2.70	0.011	0.47	0.82
Consistency of Interest	33	3.19	0.75	2.90	2.24	0.032	0.39	0.77
Persistence of Effort	33	4.15	0.58	3.70	4.48	<.001	0.78	0.71
Advisors								
Grit-S (8-item)	148	3.72	0.51	3.40	7.65	<.001	0.63	0.69
Consistency of Interest	148	3.30	0.76	2.90	6.40	<.001	0.53	0.76
Persistence of Effort	148	4.14	0.59	3.70	9.14	<.001	0.75	0.68

Table 5
Independent-Samples *t*-tests Comparing Entrepreneurs' and Advisors' Ratings on the Short Grit Scale

	<i>N</i>	<i>M_E</i>	<i>SD_E</i>	<i>M_A</i>	<i>SD_A</i>	<i>t</i>	<i>p</i>	<i>d</i>
Grit-S (8-item)	181	3.68	0.59	3.72	0.51	0.44	0.66	0.08
Consistency of Interest	181	3.19	0.75	3.30	0.76	0.71	0.48	0.14
Persistence of Effort	181	4.15	0.58	4.14	0.59	-0.10	0.92	-0.02

Discussion

The respondents in this study are seasoned successful entrepreneurs and expert advisors answering on behalf of their entrepreneur clients. They were observed as individuals who persisted in working passionately on their entrepreneurial endeavor day by day for at least ten years. What have we learned? While there are no doubt different ways to be successful as an entrepreneur, insights from the study point out not only the signature character strengths of entrepreneurs, but surprisingly, what is not there, what is missing, what is at the bottom of the list.

Peterson & Seligman (2004) clearly articulate the deep thought and exhaustive processes that they used to arrive at the 24 Signature Strengths (which we will not repeat here).

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Their schema frames six core moral virtues and the positive traits categorized within them. In order of the mean of the entrepreneurs and advisors absolute responses (Table 1) see the following findings on the Top Five Character Strengths of Entrepreneurs.

Authenticity. Authenticity (integrity, honesty) is classified under the moral trait of Courage. Authenticity is “speaking the truth, but more broadly presenting oneself in a genuine way; being without pretense; taking responsibility for one’s feelings and actions.” The mean responses for authenticity were 4.32 compared to the general population at 3.79. In my experience many entrepreneur owner-managers are candid to the point of being blunt. They are frequently described as having high expectations for others, but not higher than they have for themselves. It is observed that these entrepreneurs are exceedingly comfortable with presenting themselves in a genuine way.

Leadership. Leadership is classified under the moral trait of Justice. Leadership is defined as: encouraging a group of which one is a member to get things done and at the same time maintain good relations within the group; organizing group activities and seeing that they happen. While we argue that the forgoing description (Peterson & Seligman, 2004) sounds more like “management” than “leadership,” the results of the study clearly indicate that this characteristic, whatever you term it, is in the Top Five. The responses for leadership averaged 4.24 compared to the general population mean of 3.66. The descriptors sound like a person who knows how to (and does) get things done. Can authenticity and leadership go together? Luthans (2006) states that “Understanding one’s self, owning ones’ personal experiences, and acting in a manner consistent with one’s true self define personal authenticity.” Salas et al. (2006) points out that leaders of expert teams are not just technically competent; they possess quality leadership skills. In expert teams (like those assembled by these seasoned successful entrepreneurs), team members believe that their leaders care about them.

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Fairness. Fairness is classified in the moral virtue of Justice. Fairness is defined as “treating all people the same according to notions of fairness and justice; not letting personal feelings bias decisions about others; giving everyone a fair chance. Fairness, equity, and justice – Treating all people fairly is one of your abiding principles. You do not let your personal feelings bias your decisions about other people. You give everyone a chance.” Fairness responses averaged at 4.23, just below the average response for the general population of 4.25. Perhaps it is because the vast majority of entrepreneurs are responsible for their own wealth creation (Taylor, 2009), that most of them seem to retain an appreciation for their roots, possibly making them empathetic in their commitment to fairness towards others.

Gratitude. Gratitude is classified in the moral trait of Transcendence. Gratitude is “being aware of and thankful for the good things that happen; taking time to express thanks. A grateful person is aware of the good things that happen, and never takes them for granted. Friends and family members know that they are grateful because they always take the time to express their thanks.” Since gratitude is among the most robust predictors of life satisfaction (Seligman, 2002), it is reasonable to conclude that entrepreneurs have the potential for high life satisfaction. The respondents average on gratitude was 4.15 compared to the general population of 4.10. Schwartz (2004) points out that we can vastly improve our subjective experience by consciously striving to be grateful more often for what is good about a choice or experience and to be disappointed less by what is bad about it. While not all entrepreneurs may be consciously striving for increased subjective well being, my empirical view is that successful entrepreneurs are particularly skilled at exhibiting gratitude.

Zest. Zest, vitality, enthusiasm, vigor, energy is classified under the moral trait of Courage. Zest is: “approaching life with excitement and energy; not doing things halfway or halfheartedly; living life as an adventure; feeling alive and activated. A zestful person never does anything halfway or halfheartedly. For them, life is an adventure.” This description sounds

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like a dramatization of entrepreneurs, most of who approach life with gusto. According to Peterson et al. (2007) among the 24 strengths of character measured by the VIA Inventory of Strengths, Zest was the single best predictor of work as a calling. In this study, respondents reported a mean of 4.12 on Zest compared to the general population's mean of 3.00. Peterson et al. (2007) found responses for Zest across six occupations ranging from 3.38 to 3.66, but none approaching 4.12. Zest was not only in the Top Five Signature Strengths (using the mean responses of entrepreneurs and the advisors) it also had the largest rank difference from the general population (+19.5). The corresponding effect size of 1.86 was substantial (.80 is considered large; Cohen, 1992). This begs the question, are successful entrepreneurs called to their vocations? Wrzesniewski et al. (2003) showed that work regarded as a calling was the most rewarding of all. Those who regarded work in these terms described it as central in their lives and enjoyable. Not surprisingly, their satisfaction with work was high. Ability in and of itself did not predict who would develop a calling. Lyubomirsky et al. (2005) provocatively asked "Does Happiness lead to Success"? (not just the other way around). These results suggest that it does.

The Bottom Five Strengths indicated by this research (Table 1) are Religiousness, Forgiveness/Mercy, Creativity, Modest/Humility, and Self Regulation. These character strengths are "lesser strengths" and not "weaknesses". Surprisingly, creativity, popularly thought to be a strength of entrepreneurs, was in the Bottom Five. Spirituality was observed as the lowest strength on both the Authentic Happiness data and in this study. Anyone who is intimately acquainted with or lives with an entrepreneur will not be that Self Regulation is near the bottom—but it is near the bottom for the general population also, as indicated by the Authentic Happiness website data. Does the absence of one or more of the signature character strengths in a nascent entrepreneur partially explain the one who falls short or fails, sometimes repeatedly (Lipton, 2009)? Have trade-offs taken place between character strengths by entrepreneurs?

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Could the Top Five strengths have been latent at some point, but activated or displayed in the incredible stress of becoming and persisting as an entrepreneur owner-manager?

Do the Grit results suggest that entrepreneurs' tireless striving is simply their permanent state? Could it be that for them, flow ("focused, happy") is activated in the very essence of striving itself (Czikszentmihalyi, 1990)? Is their persistence related to their willingness to fail, make a course correction, and continue on their journey? As Posner suggested (2009) and as Bayesian decision theory teaches, a rational decision-maker starts with a prior probability of some uncertain event, but adjusts that probability as new evidence comes to his attention. The most successful entrepreneurs persist and adjust long after others might rationally call it a day. Paraphrasing William James, these seasoned entrepreneurs seem to have found their second wind—they have evidently tapped a new level of energy (James, 1907). They are demographically diverse, chose diverse fields in which to focus, have a wide variety in type and level of education, yet they are generative, energy creating individuals who largely share the same signature strengths.

Why is there such a potentially controversial disparity between these findings and the popular culture's view of entrepreneurs? The archetypal entrepreneur represented by the media to the general population is a naïve, error laden view according to the results of this study. Exhibiting the availability bias (Kahneman, 2002) the popular media in our culture celebrates the egregiously high fixed salaried CEOs of large public bureaucratic organizations (who have no skin in the game) as entrepreneurs. These are not entrepreneurs who have their own capital at risk. Usually they don't have enough ownership to make the consequences of their decisions meaningful to them (reflected in the long-term Enterprise Value). Rather, they are merely agents who (obviously) don't suffer the consequences of their decisions as salaries are paid regardless of stockholder outcomes.

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On the other hand, the entrepreneurs in our study are principals. Typically, they have risked their own hard earned (after tax) savings, their names, their image, and their reputations both personally and professionally. They have made enormous personal and professional sacrifices; working long hours against seemingly long odds for success, often leaving other perceived secure professional positions to do so. Most grew up middle class and have retained those middle class values (Taylor, 2009). The dubious nature of the “fame seekers” celebritized as entrepreneurs is often exasperating to those like the entrepreneur subjects of this study.

In the early years, their families also made the sacrifice of giving up their entrepreneur family member to the passion, interest, and hours needed to grow the enterprise. Usually, they are directly connected to the short and long-term consequences of their entrepreneurial decision making. They often live in the same communities where the companies they run are located, and it isn’t unusual for them (even in large organizations with hundreds of employees) to think of employees as extended family. They often feel a real responsibility for the financial well being of the employees and their families. Enterprise Value grows, often beyond their original expectations or dreams. Yet, most of these people continue to live as middle class for long periods of time. Middle class has a positive connotation for entrepreneurs as it implies humility, modesty, and pride in the feeling that their values have not been compromised by their wealth (Taylor, 2009). Only through a capital gain transaction does “liquid wealth” replace illiquid, concentrated, risky Enterprise Value. I see no special heroism in living more modestly than one’s accumulation of wealth allows, I am simply describing how the subjects of this study do not seem to be willing to look and behave rich, nor to invest the high demands of time in conspicuous consumption. This may make them less visible to the general population and the popular media.

On average entrepreneurs tend to be more optimistic than others (Krueger, 2003). This is not surprising considering that even the most conservative estimates report that at least half of all new businesses fail within the first four years of their establishment (Headd, 2001), and therefore, only relatively optimistic individuals would choose to pursue entrepreneurial kinds of activity (Hmieleski & Baron, 2008). This is congruent with the experience of advisors. Self efficacy is important to entrepreneurs because they must be confident in their capabilities to perform various (and often unanticipated) tasks in a wide variety of situations (Baum & Locke, 2004). People who have high self efficacy persevere when problems arise, and search for challenges and challenging opportunities (Bandura, 1997). Entrepreneurs' necessarily high skill levels matched to their organizations' tasks may not be unique as compared to the general population, but the hypothesis is that their blend of character strengths—resulting in intrinsically motivated behavior that they experience as fun, or what uniquely allows them to be in “flow”—just might be (Czikszentmihalyi, 1990).

Anecdotally, entrepreneurs frequently feel like outsiders—and my experience as an advisor confirms this. Entrepreneurs view themselves as seeing the world differently; as being the “underdog” versus the large bureaucratic economy. Axiomatically, they do not perform well nor get much personal satisfaction or progress in learning from conventional education.

In this study it is interesting that the respondents scored much higher than the general population (and highest of all in rank scores) on Authenticity. Is it the potential entrepreneur team member's view of these entrepreneurs as honest and genuine that allows them to attract and retain unique teams in their enterprises?

Others have argued that a so called “entrepreneurial personality” is explained by the fact that they see more opportunities (Krueger, 2003). A focus on opportunity-seeking may encourage a mindful learning perspective by focusing on the changeable properties of actions

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within a given environment. This perspective encourages development of skills for mastering an area and invites continued learning and adapting as situations change (Schneider, 2001). This is not completely congruent with this study's findings. Many people who see or seek opportunities, may act on them and fail, or fail to act on them. While opportunity screening seems to be a necessary skill for entrepreneurs, by itself it is insufficient. The seasoned successful entrepreneurs in the present research exhibited a unique blend of signature strengths (more than simple opportunity identification), which enabled them to assemble and retain a team of people that shared their vision and energy, and that together built a sustainable enterprise of significant value.

Could a framing effect like prospect theory (Kahneman & Tversky, 2000) be applied to explain entrepreneurs' perceived risk taking propensity? Entrepreneurs do not perceive risk the same way as the general population--because they frame it differently. Since a priori, entrepreneurs see themselves more at risk than others to fail at attaining a conventional job or compete in conventional schools, then prospect theory may explain why they are willing to take on the perceived risks and difficulties of starting and/or leading enterprises that seem risky to others (who view the world more conventionally). Busenitz & Barney (1997) suggest that entrepreneurs are more susceptible to the use of certain decision-making biases and heuristics that tend to slant their judgments in a positive direction, and are in effect, predisposed to categorize business situations positively.

Limitations

This is a preliminary study based upon cross sectional data which does not prove causation. The observed internal reliability coefficients for the advisors' Grit-S (.69) and Persistence of Effort subscale (.68) were slightly lower than the conventional cutoff of .70, but the differences were trivial and the coefficients are comparable to those reported in the validation study (Duckworth & Quinn, 2009). It is conceivable that some part of the character strengths

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and Grit profiles presented in this study were activated by the very behavior required, or stresses of being a successful entrepreneur, rather than the other way around. The design of the research focusing it exclusively on experienced persistently successful entrepreneurs may make it exhibit “survivorship bias,” which may be a limitation of this study. The partial reliance on self reports may be a limiting factor of this study. However, since this study also referenced observations from experienced expert advisors whose responses are highly correlated (.85 see Table 2) with those of the entrepreneurs themselves, the conclusions seem reasonable. Future research efforts could be improved by employing even more multiple methods of data collection. Finally, as preliminary research, the direct entrepreneur subjects of this study (but not the advisors) are all male and are all from the United States, making comparison among genders or countries impossible for now.

Implications

The hypothesis that entrepreneurs do have unique identifiable character strengths and Grit Scales as distinct from the general population is supported by the outcome of this research, thus the implications for those who teach, lend to, provide equity capital to, or seek to become entrepreneurs is meaningful.

To me, these research results are extremely hopeful. They do not suggest that either a person is an entrepreneur or not—and what to do about it? Rather, this research suggests a cluster of character strengths which taken together result in a kind of social intelligence allowing the entrepreneur owner-manager to attract and retain unique teams who work persistently and tenaciously on opportunities together. Since it is known that successful entrepreneurs have a unique blend of Top Five Character Strengths, then could “would be entrepreneurs” work to improve those strengths, or could they avoid an entrepreneurial life choice if they are ill suited to be there? We have all observed many intelligent hardworking people with the best in technical business training who obviously have no innate capacity to

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become successful entrepreneurs. Since there are certain character strengths associated with seasoned successful entrepreneurs, could there be others that are more closely aligned with success in post industrial bureaucratic organizations? Do CEO's of bureaucratic organizations have certain discreet VIA Signature Strengths? If so, we might do well to recognize and encourage focus on those strengths and their unique ability-- instead of behaving as if the qualities needed in those very different environments are the same or even similar as those of seasoned entrepreneurs. Intuition suggests that while entrepreneur strengths are highly clustered and correlated, the variability among successful CEO's of bureaucratic organizations is much higher—a topic for future research that we are currently planning.

Perhaps the disruptive energy of 2007-2008 didn't just destroy a lot of (paper) wealth. It could very well be that it destroyed an old order, a conventional adoration of large bureaucratic organizations, and their salaried (non risky) managers who have no skin in the game. This came from fifty years of economic prosperity where “management self-interest” was confused with “ownership capitalism.” The subjects of this study seem well matured on redefining entrepreneurial capitalism as optimization of subjective well being rather than merely accumulation of wealth. Could it be that something bad happens when one separates ownership and management...where there are no long-term consequences against the risks, actions, decisions, or inactions you take?

My observations of entrepreneurial success (so far as it can be reduced formula) consists of this: a love of life; an intrinsic passion for a cause or outcome beyond mere self-interest; a bias for action incorporating a unique blend of signature strengths; authentically taking personal responsibility for the results of actions taken; and persistent high energy indefatigably focused on attaining long term goals.

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