

To be a King or to be Rich

Discuss “Maintaining Control Versus Maximizing Wealth” (p. 12, The Founder’s Dilemmas)

The Trade-Off Entrepreneurs Make

Founders’ choices are straightforward: Do they want to be rich or king? Few have been both.

		FINANCIAL GAINS	
		WELL BELOW POTENTIAL	CLOSE TO POTENTIAL
CONTROL OVER COMPANY	LITTLE	Failure	Rich
	COMPLETE	King	Exception

(Wasserman, The Founder's Dilemma, 2008)

An individual’s motivation for starting up a business is complex and most of the time has multiple layers. Even though there are so many factors that motivate an individual’s desire to start their own business statistics show that the two most prevailing factors are building wealth and driving and controlling the growth (Wasserman, 2012). Very few entrepreneurs have followed the path of Bill Gates, who started up a company to build it to tremendous financial heights while continuing to lead as the CEO. Entrepreneurs such as Phil Knight or Anita Roddick are hard to come by; usually founders either relinquish some power for financial gains or maintain control for lesser financial gains. Knowing ones ultimate goal in starting up a business is extremely vital in decisions that will increase their chances in reaching that desired outcome. It is hard to relinquish power for something that you gave birth to however sometimes that decision is necessary depending on your desired outcome. A study done by Noam Wasserman found that by the time founders ventures were three years old , 50 percent were no longer the CEO; by the time founders companies’ hit initial public offerings fewer than 25 percent were still CEO. Many steps in an entrepreneur’s decision-making are faced with the choice between making money and managing their ventures. Some founders have the perception that they alone can lead their business to prosperity. The choice between being the King or being Rich is something that founders need to come to terms with, which coincides with understanding what success means to them.

References

Wasserman, N. (2008, February). *The Founder's Dilemma*. Retrieved from Harvard Business Review: <https://hbr.org/2008/02/the-founders-dilemma>

Wasserman, N. (2012). *The Founder's Dilemmas*. Princeton : Princeton University Press.