

The Advantages Older Adults Bring To First-Time Entrepreneurship



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Leadership Strategy

I write about leadership in a startup environment.



Ray A. Kroc, founder of McDonald's Corporation. Kroc was a 52-year-old milkshake machine salesman when he founded his McDonald's franchising enterprise. (AP Photo) ASSOCIATED PRESS

Would-be entrepreneurs of all ages come to me for advice about whether they should start a business and what it takes to succeed. They range from the students in my entrepreneurship classes at Princeton, through men and women at midlife looking for a change, to soon-to-be retirees who aren't yet ready for nonstop golf. They make for quite a study in contrasts: the young brimming with self-confidence, energy and sometimes naiveté; the older adults projecting experience, prudence, and sometimes self-doubt about their ability to keep up with the twenty-somethings they read about in the business press.

The young often need a strong dose of realism: The Silicon Valley model of explosive growth fueled by venture capital applies to less than 1% of entrepreneurs; brilliant ideas count for less than the ability to make customers

happy enough to part with their money, and a willingness to take big risks often leads to disaster.

Older would-be first-timers need a dose of realism, too, but of a different kind. They are less likely to be mistaken about external factors like financing, customer expectations and risk-taking than they are about themselves—failing to see the many advantages they bring to entrepreneurship. If you're an older adult contemplating entrepreneurship, take heart. You likely enjoy some or all of the following advantages:

You outnumber the young. First-time entrepreneurship is by no means largely a young person's game. According to the most recent [Kauffman Index of Entrepreneurship](#), a series of annual reports that measures U.S. entrepreneurship across national, state and metro levels, the proportion of new entrepreneurs over 45 is about 51% versus 48% for those under 45. Moreover, the share of entrepreneurs age 55 to 64 has increased from 15% of new entrepreneurs in 1996 to 26% in 2016 (the latest year for which figures are available). Meanwhile, the share of new entrepreneurs age 20 to 34 has decreased from 34% in 1996 to 24% in 2016.

You know your way around money. If you have been a business executive, as many of my older advisees are (including some former CEOs), you likely understand capital structure, financing and allocation of resources. But even if your financial experience extends no farther than taking out a mortgage or managing family finances, you are ahead of many younger people.

If you've worked in a big organization, you've gained valuable skills. Many mid-life would-be entrepreneurs worry that the security and rigidity of the big organizations they've worked for have ill prepared them for the fluidity, independence and insecurity that come with being your own boss. In fact, such big-organization experience (including in large companies, the armed services or government) is excellent preparation for leading your enterprise through the later stages of growth. That's when reliable, repeatable processes, administrative efficiency, astute talent management and operating at scale count for far more than some ill defined ideal of rugged individualism. And those are the stages at which many first-time entrepreneurs fail, precisely because they lack such general management skills. I spent more than 20 years at a global semiconductor company before I became an entrepreneur.

You know exactly what customer problem needs solving. The [fundamental principle](#) of successful entrepreneurship isn't doing something completely new. It's doing something that makes customers so happy that they're willing to give you money in return. That's true whether you're offering software or sandwiches. You don't have to come up with a dazzling breakthrough; you just need to solve a customer's problem. Opportunities are everywhere. Almost all established businesses do things that frustrate customers, things you know precisely how to improve because you've spent years working in the sector you want to compete in or closely observing it.

You have a resource-rich network. Because you've been around longer, the network of people you can call on is probably much broader, deeper and more diverse than the connections most young people enjoy. That's generally true whether you've been working in a company, participating in the affairs of your community or primarily focusing on your family. Your network can be a source of investors, partners, employees, advisors, mentors, customers and people who can get you entrée to potential customers.

You likely have an outsize fear of personal failure. That's right—whether you know it or not—and it's a good thing. Entrepreneurs have explicit and implicit motivation for starting their companies. Explicit motivations are conscious desires like wanting work you enjoy, exploiting a new idea or being your own boss. Implicit motivations are deep-seated and unconscious, usually derived from fundamental emotional needs like pleasing a demanding parent (even a deceased one), seeking revenge for being humiliated or needing great achievement to overcome feelings of unworthiness.

What keeps many successful entrepreneurs going through the long hours, relentless demands and constant stress of getting a new business off the ground is that primal fear of failure. It's not to be confused with fear of making mistakes or having to go back to the drawing board to refine a product or any of the other incidental failures that go with launching a new business. It's fear of the ultimate failure—of the business going under and exposing the entrepreneur to ridicule (even if only imagined).

In my experience, this fear is even more acute in older would-be entrepreneurs who have enjoyed great success in business or other organizations. Having so rarely experienced failure in their careers, they inordinately fear it on the alien ground of entrepreneurship. In fact, that fear is what prevents many of them from making the leap. But when they do jump in, it is what drives them forward. If you

think that describes you, be glad—people who don't fear failure are most likely to have no trouble giving up when the going gets rough.

And instead of counting your years, count the advantages those years have given you.



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I am a successful entrepreneur who researches and teaches entrepreneurship, creativity and innovation, at Princeton University. My two bestselling books on entrepreneur... **Read More**
