

column

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finding success from history

In my April column, I suggested that if you are an entrepreneur, you should have a business hero to inspire you and help you learn how to succeed. Here's another suggestion: study the history of the leading companies in your industry and discover the keys to their success. It's easier to do than you might think if you know where to look.

Last year I discovered a reference in the BYU Library — it may be available in other business libraries — called "The International Directory of Company Histories." It is a phenomenal 66-volume collection, with new volumes coming out every year. This series contains valuable information on more than 4,500 influential companies from all over the world.

Each company history covers three to five pages packed with information for investors, job seekers or entrepreneurs who want a quick background of the leading companies in any industry. The directory doesn't just list the largest companies, but the most influential in each industry and geographical region.

According to Fortune Magazine, in order to be a Global 500 company in 2005, a company must have annual revenues of more than \$12 billion. Many of the Global 500 are listed in the directory, but smaller, fast-growing companies in the Internet and software space are covered as well.

The authors of "One Minute Millionaire" teach that every man-made physical object that you see started out as an idea in someone's head, and that money was made in the process of manufacturing and selling the object. Look around you and think about the items in your office or in your home. It's amazing how many "mental creations" have become real and have created physical wealth.

Likewise, every Global 500 company and every other company with significant influence started out as an idea in the head of one or more founders, and over time, developed into a corporation with a life of its own.

What I like most about these histories is that they often discuss the founders, why they started the business in the first place and key decisions that helped the company grow. Because most startup companies fail, I think it is extremely useful to study the histories of the companies that have succeeded.

As you read, you may note the keys to success that are highlighted in each company history. You'll notice that no two stories are alike, but there are common threads and patterns. Knowing how others succeeded can give you new business tactics to consider and motivation to continue with your entrepreneurial never-say-die attitude.

But alas! What entrepreneur has time to study business history?

I know a lot of entrepreneurs, but I only know one who spends a ton of time studying business history. In fact he peruses more than 30 books a week. His name is Gary Hoover. He founded Hoovers.com, one of the great business Internet sites, a company that was acquired by Dun & Bradstreet two years ago.

I had breakfast with Gary earlier this year in Park City where he was speaking at a corporate retreat. He speaks on entrepreneurship all over the world. Gary started Hoovers by publishing business histories, and then adding contact information and financial data to the companies that he reviewed.

Hoovers.com has attracted hundreds of thousands of users.

The business history portion of Hoovers.com seems to have faded because business people are far more willing to pay for financial data and contact information than for history.

Gary is one of the most remarkable people I've ever met. He has a personal library of 40,000 books — mostly business histories — and he is a walking encyclopedia. He has more demographics, statistics and historical data about business in his head than anyone I've ever met.

Most entrepreneurs that I know are young and full of energy, but they lack knowledge and perspective. (On the other hand, older, more knowledgeable business people often start running out of energy or drive. As the saying goes, "Youth is wasted on the young!")

Since most entrepreneurs don't take the time to study history looking for the keys to business success, someone needs to make it easier for them. Someone needs to extract from company histories and business biographies the business tactics that worked and the keys to success that helped companies grow. These extracts need to be placed into a decision tree of sorts, and made public in a Wiki, so that any entrepreneur can find the success paths that have been taken by the top entrepreneurs and companies of all time.

The team at FundingUniverse.com has decided to launch such a Wiki. Our hope is that this business Wiki can attract thousands of "extracts" from actual company histories on topics such as business models, product development, marketing and sales, bootstrapping ideas and how to recruit and retain great employees.

In my own personal quest for more business knowledge, I recently read "Done Deals," a history of the venture capital industry based on 35 interviews with some of the most prominent venture capitalists of all time, dating back to the pioneers of the industry in the 1940s and 1950s.

Previously, my view of venture capital was very narrow. My experience with it began in 1996 and coincided with the Internet bubble — my perspective was certainly warped. Reading these interviews exposed me to the ideas and motivations and successes of dozens of the most prominent VCs in history. "Done Deals" is one of the most eye-opening books I've ever read. I have great admiration for the pioneers of venture capital and for some of the key players today in this industry.

Studying history sheds light on the past, but more importantly, it always opens my mind to new possibilities for the future.

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