

Cultivate an 'ambidextrous' mindset for entrepreneurial success

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Credit: Pixabay

New research shows entrepreneurs who have the greatest success in raising money for their startup have a key personality trait in common – they have an 'ambidextrous' mindset.

Most of us are either right or left-handed, but someone who is ambidextrous can use either hand equally well. An ambidextrous mindset is the ability to think and behave in opposite ways equally well depending on the situation.

We might traditionally associate successful entrepreneurs with personality traits such as being creative, disruptive, agile and innovative, but the ability to behave in the opposite way, to be efficient, precise and process-oriented when needed, is also necessary to grow a venture.

Startups play an important role in growing Australia's economy, but to do this they need to raise funds from angel investors, venture capitalists or through crowdfunding platforms. Knowing the traits funders are looking for will help entrepreneurs tailor their pitch.

To test this link between a startup founder's

ambidextrous mindset and their fundraising success, Dr Hillbun Ho and Dr Valeria Noguti from the University of Technology Sydney examined the online language of 90 startup founders.

This included discussions in online forums, with fundraising success determined from information available on the Crunchbase website? a crowdsourcing platform that offers data on startup funding.

Entrepreneurs who were most successful in raising funds over time used words that convey innovation – such as invent, innovate, novel – and words that convey efficiency – such as improve, increment, efficient and systematic – at a similar frequency.

"A balanced use of both these contradictory concepts, rather than a singular focus on either one, suggests an ambidextrous mindset and was associated with largest amount of funds acquired by startups over time," says Dr Ho.

"Although many entrepreneurs like to emphasise the disruptive and original elements of their business, a dominant use of innovation-related words did not improve funding performance," he says.

Dr Ho says founders need to embrace a balanced use of efficiency and innovation related concepts to reassure stakeholders they are able to use divergent strategies in problem solving.

"Entrepreneurs would be wise to develop their ambidextrous thinking skills, which could help them face the numerous challenges associated with new venture development, such as navigating market uncertainties and evolving customer needs, technologies and competitive forces," he says.

The researchers also found that entrepreneurs who clearly communicate their human, social and intellectual resources, including prior managerial,

industry, and startup creation experiences, were more likely to get funding.

Over and above the business proposition, startup investors use a range of language cues from pitches and business plans to determine the competence and personality characteristics of the startup founder and the likelihood of a venture's success.

Other techniques shown to increase funding success include the use of positive words that demonstrate hope, optimism, resilience and confidence, and a concrete language style, including more articles, quantifiers, and prepositions.

Provided by University of Technology, Sydney

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