

Did I learn from the past?

 By [Alon Raiz](#)

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With the ravaging effects Covid-19 has had on the economy, the only choice for many entrepreneurs was to start again. But, did they learn from the past?

When working with entrepreneurs who are starting over again, I ask them to draw a line down the centre of a blank piece of paper and write down all the lessons they learned from their previous businesses that they will take with them into their new businesses.



In one column, they write down all the things they should repeat (the positives) and in the other they write down all the things they shouldn't (the negatives).

What's interesting to me is the way in which entrepreneurs articulate their lessons – whether positive or negative. Often, in my opinion, they're not writing down the right lessons. I therefore use a four-step process to tease these out.

Interrogate

I take the time to interrogate each lesson with the entrepreneur. Far too many attribute lessons to an effect rather than looking at the cause of that effect. A recent example is an entrepreneur who told me that one of his lessons was not to give credit to clients but to offer only cash-on-delivery terms.



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When delving more deeply into this lesson, I learned that, in his previous business, the entrepreneur had a large percentage of clients who did not pay their bills which resulted in him spending fruitless hours chasing down debt, time that could have been better spent on more productive activities. Now I believe this is the wrong lesson.

The right lesson would have been understanding the cause of the bad debt in the first place. In this case, the entrepreneur did not have a proper credit process in place which includes credit vetting and the correct contracting clauses to protect the seller. His lesson, therefore, should have been that, in his new business, he would need to create a comprehensive credit-vetting process, not that he should not provide credit.

Balance

I have also noticed that there are almost always two to three times more negative lessons than positive ones in these lists, and it may take an additional hour or more of working with the entrepreneur to ensure that the positive lessons balance the negative ones.



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This is because I believe it's important that entrepreneurs going into new businesses do not do so in a self-flagellating and fearful way with an almost militantly rigid mindset of what they will not do. Such entrepreneurs tend to be timid when it comes to opportunity and, in some instances, a little hypervigilant and paranoid. Instead, entrepreneurs should recognise all of the positives they achieved in their previous businesses and be hyper-aware that they don't neglect to use these lessons in their new businesses.

Starting a new business needs to be a positive event and filled with the confidence of lessons learned and experience gained.

Handrails

The third step in the process is to covert lessons into "handrails" or guides to help ensure a higher probability of success in the new business. Experience and awareness are one thing, but embedded policies and processes are a completely different level of integrating lessons into handrails that protect the company from making the same mistakes as in the past.

The credit process mentioned earlier is a great example. Designing, creating, embedding and managing a credit process is a handrail for the entrepreneur and others to use to ensure that credit is given only to those who meet the criteria set out in the process.

Context

It is also important to be able to discern between the previous and the current contexts. Often, lessons don't transfer neatly into a new context. This is particularly true when it comes to legal and cultural frameworks.

Let's take the diamond industry as an example. A diamond is given to a potential agent or buyer with a handshake (what

they call a “Mazal” in the industry). The handshake and the word “Mazal” mean that a contract has been entered into. If you’re entering the diamond industry and set up a credit-vetting process that includes credit-bureau checks and the signing of wordy contracts, you will never make a sale.

When starting again in a new industry, you must be very conscious of the differences in context and be intelligent about bringing across only lessons that are appropriate.



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The lessons you’ve learned are the sedimentary assets from your previous experiences. They have most probably cost huge amounts of money, stress and knocks in confidence. They are therefore expensive and highly valuable assets and should be treated as such.

There is a saying, “Fool me once, shame on you. Fool me twice, shame on me.” I think the saying can be modified to, “To make an avoidable mistake once is the way of the world. To make the same avoidable mistake twice is the way of the fool.”

ABOUT ALLON RAIZ

Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of the Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford's Saïd Business School.

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