Not So Fast! (*Entrepreneur Magazine* – June 1, 2003)

Entrepreneurs are often praised as visionaries. But vision alone isn't enough to ensure success. In the article "Biases, Misperceptions, and the Introduction of Pioneering Products," (*Entrepreneurship Theory and Practice*, Winter 2002) Susan Houghton and Mark Simon found that entrepreneurs evaluating new opportunities tend to overestimate demand, underestimate competition, and misjudge the need for more assets to make the opportunity a success.

Similarly, in "Opportunity Evaluation Under Risky Conditions" (*Entrepreneurship Theory and Practice*, Winter 2002), Maw Der Foo, Hean Tat Keh and Boon Chong Lim found that entrepreneurs assessing opportunities tended to be overconfident about their knowledge, draw big conclusions from small samples, be overly focused on the future, and underestimate risk because they believe they can control events. Entrepreneurs are prone to jumping quickly into the market. But this focus on the future-while often praised as the epitome of entrepreneurial risk-taking-leads many to neglect managerial lessons from the past.

When launching a new idea, entrepreneurs will always be risk-takers. But "going for it" may not be enough to ensure success. Be realistic, expect competition, and don't pin your hopes on the product or service alone-develop the other assets needed for success. Since many risks associated with a pioneering opportunity are beyond your control, flexibility and responsiveness are probably more important than optimism alone.