



Heart, Smarts, Guts, and Luck – Press Briefing Document

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Colleagues and co-authors who come from proven and diverse backgrounds: an entrepreneur turned adviser and VC, a Fortune 500 CEO, and a management guru to CEOs and Boards.

Why Heart, Smarts, Guts and Luck may be of interest to you...

A Bigger Movement

In many ways the business leaders who wrote the book became accidental authors after their blogs and novel model for a new venture firm caught on over the past few years, complementing a decades-long history of strategic advisory work and company-building as founders and CEOs. They hold a bigger purpose with this work: to use the book as a catalyst for a movement around greater self-awareness. Through a framework that elucidates the factors that drive success in business and life – Heart, Smarts, Guts, and Luck (HSGL) – the authors provide the first ever Entrepreneurial Aptitude Test (EAT) and a language to the often difficult-to-pin-down nuances of what really drives one’s decision-making and biases. (See www.HSGL.com to try the survey and see some of the background to the work.)

Heart, Smarts, Guts, and Luck hopes to deliver the greatest impact with those who have committed to create and grow businesses. The goal is to match each book sold with not only an equivalent one donated, but also with access to additional online content and workshops for groups where this work can help the most. To that end, Heart, Smarts, Guts, and Luck will be partnering with respected entrepreneurial, small business advocacy, mentorship, and job creation organizations such as Startup America and The Sandbox Network to, whenever possible, redirect any speaking fees and bulk purchases associated with the book toward the benefit of such groups.

One of the Largest Contemporary Research Initiatives on Entrepreneurs and Business-Building

In collaboration with HBS Press, *Heart, Smarts, Guts and Luck (HSGL)* is the result of nearly three years of research on what really makes entrepreneurs and business-builders tick. With hundreds of entrepreneurs and business-builders interviewed and surveyed across the globe (each taking the Entrepreneurial Aptitude Test) and the combined context and business experiences of the authors, the book delves deeply into each of the four eponymous factors that drive success: Heart, Smarts, Guts, and Luck. While all four traits are needed at some threshold level, and there is no single pattern for success, and it is clear that most people tend to be dominant in one of these modalities in their leadership behavior and decision-making.

Additionally, the research uncovers some fascinating facts that will debunk conventional thinking. For example, that only a minority – 30 percent - of the successful businesses surveyed started with a formal business plan, or that 25 percent of the surveyed participants turned out to be “Luck” dominant.

Mapping Self-Awareness across HSGL

In the book, the authors define Heart, Smarts, Guts, and Luck as a framework to serve as a map towards greater self-awareness. Are you, for example, driven more in your decisions by the purpose and passion of Heart, or the instinctual need to take action (a hallmark of the Guts-dominant)? More important than any other leadership quality, however, is self-awareness. In particular, self-awareness and reflection across one’s Heart, Smarts, Guts, and Luck can significantly enhance business decision-making effectiveness. Self-awareness allows one to fully appreciate their strengths and limitations – their “super-powers” and their “kryptonite.” This understanding is the foundation for pushing to the next level of capability and for building out the right teams.

Practical and Must-Read Reference to the Wisdom and Habits of Great Business Leaders

In addition to elucidating and connecting readers to the four HSGL traits, the book curates a set of practical wisdom, habits, and case studies gleaned from the authors’ experiences and from the business-builders interviewed. These are formatted in an intuitive and easy to remember format. As an example of a “Smarts habit,” for example, readers will learn why a “fast no” is always better than a “long maybe.”

Readers will not only get the case studies of some business iconoclasts, but also of exceptional non-business individuals who can teach us as much, or more, about Heart, Smarts, Guts, and Luck. These include perspectives from the survivors of personal crises (e.g. a person lost alone in the central Atlantic for 76 days), a world-renowned heart-surgeon, and one of the most respected astronauts.

About the Authors



Anthony (Tony) Tjan is Managing Partner of Cue Ball, a venture capital firm based in Boston. Most recently, Tony was Senior Partner at The Parthenon Group, a leading strategic advisory firm where he still serves as its Vice Chairman. He spent seven years as a special strategic advisor to The Thomson Corporation, and its then CEO, Richard Harrington (now his Partner at Cue Ball). In 1996, Tony founded and was CEO of the Internet services firm ZEFER, a pioneer in early commercial web initiatives. Tony started his career with McKinsey & Company and holds his AB and MBA degrees from Harvard University. He was also a Fellow at the Harvard Kennedy School of Government. Tony sits on several boards, is a contributor to Harvard Business Review, and is on the Editorial Advisory Board of MIT Tech Review.



Richard (Dick) J. Harrington is Chairman and General Partner of Cue Ball. Dick was formerly the President and CEO of The Thomson Corporation, where he led its transformation from a diversified holding company into the world's largest information services and media company, Thomson-Reuters. Over his 11 years as CEO of Thomson, he quadrupled cash flow and tripled the market value of the company. During his leadership at Thomson-Reuters, Dick led more than \$40 billion in deal transactions. He sits on the Boards of Aetna, Xerox, and several Cue Ball portfolio companies. He has received many honors during his career, which include the "Legend in Leadership" award from Yale University and the "CEO of the Year" award from the Executive Council, both awarded in 2007. Dick graduated from University of Rhode Island where in 2008 he established the Harrington School of Media and Communications.



Tsun-yan Hsieh is the founder and lead counselor of LinHart Group, a leadership services firm specialized in counseling boards and CEOs on issues of leadership management, succession, and top talent development effectiveness. Prior to LinHart, Tsun-yan was one of the most senior Directors of McKinsey & Company, the global management consulting firm. In a career spanning 30 years with McKinsey, he served clients across dozens of countries and industries, focusing on corporate transformation and leadership development. He currently serves on the Boards of Sony Corporation, Manulife Financial, Singapore International Foundation, the National University of Singapore Business School, the Institute of Policy Studies and the Singapore Symphony. Tsun-yan holds an MBA from Harvard Business School.

INSIDE HEART, SMARTS, GUTS AND LUCK...

Becoming More Self-Aware:

Businesses leaders and entrepreneurs rarely take enough time to assess themselves with honesty and rigor. Yet, self-awareness is the foundation for improving leadership and business decision-making and is likely the most important factor to increase the probability for success. HEART, SMARTS, GUTS, and LUCK incorporates the results of the first ever Entrepreneurial Aptitude Test (E.A.T), a simple tool (see www.hsgl.com) drawing on hundreds of surveys and interviews with business-builders around the globe. It's core finding is that business success and decision-making is driven by the four traits of the book's title – one's Heart, Smarts, Guts, and Luck. Understanding which of these traits dominates your personality and decision-making is critical for long-term success.



	HEART	SMARTS	GUTS	LUCK
CODE FOR:	Authentic Vision: <ul style="list-style-type: none"> • Passion • Purpose • Sacrifice • Nuance 	Pattern Recognition: Business Smarts = Book Smarts + Street Smarts + people Smarts + Creative Smarts	Types of Guts: <ul style="list-style-type: none"> • Guts to Initiate • Guts to Endure • Guts to Evolve 	Lucky Attitude <ul style="list-style-type: none"> • Humility • Intellectual Curiosity • Optimism Lucky Network
EXEMPLIFIED BY:	<ul style="list-style-type: none"> • Alice Waters, Chef • Guy Laliberté, Cirque du Soleil • Howard Schultz, Starbucks 	<ul style="list-style-type: none"> • Jeff Bezos, Amazon • Bob Langer, MIT 	<ul style="list-style-type: none"> • Nelson Mandela • Richard Branson, Virgin Airlines • Paul Reichmann, Olympia & York 	<ul style="list-style-type: none"> • Jay Chiat, TBWA/Chiat Day • Li Lu, Co-Leader, Tianamen Square, 1989
SHOWCASED IN/ANALOGS	<ul style="list-style-type: none"> • Phillippe Petit in Man on Wire • John Keating in Dead Poets Society 	<ul style="list-style-type: none"> • Will Hunting in Good Will Hunting • Frank Abagnale in Catch Me if You Can 	<ul style="list-style-type: none"> • King George IV in The King's Speech • Harvey Milk in Milk 	<ul style="list-style-type: none"> • Jamal in Slumdog Millionaire • Forrest Gump in Forrest Gump

THE HEART OF A BUSINESS

(An abridged chapter from *Heart, Smarts, Guts & Luck*)

Of our four business-building traits of Heart, Smarts, Guts, and Luck, the Heart is perhaps the most challenging to define. To both new and experienced business-builders, the Heart risks coming across as ephemeral and soft. Which is ironic, as it may be the most critical and distinguishing feature of people who have successfully started companies.

Three things characterize the Heart-driven individual:

1. **Purpose (and the passion that comes with it):** You cannot plan to have Heart, a company's foundation lies in its authentic purpose. The great Heart-driven entrepreneurs drive their decision-making and leadership style from a central purpose. For them, as a colleague correctly describes, purpose comes before product and profit.
2. **Sacrifice and *agape*:** The maternal-like sacrifice that comes with creating and building a business – this is what the Greeks called *agape*. Most of us are familiar with the first two types of love described in ancient Greek times – *philia* is fraternal love as in Philadelphia and *eros* speaks to lust and eroticism. But *agape* speaks to the love of sacrifice that is evident amongst Heart-driven individuals.
3. **Nuance:** The third dimension of Heart lies in nuance. The subtleties and thousand points of light that emanate and coalesce to ultimately differentiate a business from its competitors are never obvious but yet so clearly felt. It is only with Heart that one can realize the full potential and power of nuance. There are stages in a business life-cycle or function where sweating the details is actually worth it.

Heart is perhaps most evident in small and medium-sized businesses. These people and their businesses form the backbone of American commerce and entrepreneurship. It is because of the Heart that instigates these ideas from a source of authentic passion that these small businesses can become large and successful. In our research it was discovered that of the people that had an opportunity to exit their businesses, 70 percent did not start with a formal business plan. Think about that – a majority of our business owners and operators who had experienced success started with something inside of themselves rather than something on paper. Despite what the B-school's say, a business plan as important as it is eventually is, is not the most important thing to launch a business.

Consider people like Doris Christopher, the founder of Pampered Chef, who created the modern-day equivalent of concept of a "Tupperware" party for kitchen goods (and then sold a large majority of her business to Warren Buffet), or Sara Blakely of Spanx who invented a new category of women's apparel (a 20th century girdle and undergarment business that now is estimated to be worth more than \$1B), and then there is another one of Buffett's favorite case studies—Rose Blumkin, the founder of Nebraska Furniture Mart, who started her business with a

\$500 loan and the motto “Sell Cheap and Tell the Truth.” Each of these founders brought – and continues to bring today - a passion, purpose, and a deep love affair to their enterprises.

The drive, movement, and contagiousness of a business derive from its purpose and passion, which are typically a reflection of the founder’s Heart. Before doing anything else, at the onset of company creation, founders need to generate widespread energy and inspiration. You want people who can start by leading with Heart, before they manage too early with their Smarts.

Mark Dwight is the founder of Rickshaw Bags in San Francisco – a made in the USA messenger bag company. Take a tour of Mark’s facility in San Francisco and you cannot help but get energized by his enthusiasm and pride for artisanal craftsmanship. He speaks of his Rickshaw bags as creations with personalities, as individual hand-crafted works that will live on to have a personal relationship with the eventual owner. See his video at www.hsgl.com.

As Tsun-Yan our colleague and co-author says, Heart, and its quality of *agape*, mean simply that *we care enough to put aside other things to devote ourselves indefinitely to our dream*. Nothing motivates us more, or compels us to work harder, than a compelling or infectious idea. In our experience, few individuals wish to disrupt the status quo, whereas the greatest business-builders want nothing more than to bust open whatever ceilings stand in their way. Heart drives both *distance*—the endurance and hard work over time that success requires—as well as those bursts of productivity, which we dub *height*. Heart, and the hard work it requires, is thus characteristic of both the marathoner and the sprinter, often within the same race. If we approach an idea or business with Heart, hard work not only becomes tolerable, it turns into a fierce exercise in headlong joy.

In the case of one of our venture firm’s own portfolio investments—Epic Burger, a natural burger chain—we have watched over the years as founder David Friedman maniacally focused on the smallest details and nuances, his goal being to create the most perfect and “mindful” burger in the world. How might the bun-to-meat ratio (in terms of size) improve? Which pickles, and in what shape and size, delivered the optimal “flavor profile” for his burger? Which potato gave the best flavor for the hand-cut fries, and did they complement the taste of the burger? What kind of ketchup? What kind of salt? How should the environment enhance the food experience; what décor should be changed? Should he alter the line locations to speed up order taking? Should he add another register? What about the menu design? Could it be made simpler? The list goes on. For any entity that has its eye on large-scale success, perfecting the offering at the smallest level first before scaling is critical.

Founders—the Ultimate Torchbearers of Heart

Of all the different types and stages of business-builders, it comes as no surprise to learn that *founders* are the most Heart-driven people out there. It doesn’t take long to figure out who might be a great entrepreneurial founder. You know a true founder when you see it. (In fact, you *feel* it.) Entrepreneurial ardor—the fire in the belly—is both exhilarating and contagious. Founders are highly biased toward being Heart-dominant, and at the core of Heart-driven individuals is deep

passion. By extension, high-Heart individuals tend to be most fired up either at the start of businesses or at restart points (i.e., when growth has stalled). Fueled by purpose and hunger, founders with strong Heart characteristics are compelled not only to build a business but to share their mission and vision with the rest of the world.

Some years ago, a short clip of Kevin Spacey from the television series *Inside the Actors Studio* went viral. Speaking to host James Lipton, the actor said, “There is no prize out there. The only prize is this one—what you feel and what you accomplish. To be ambitious and to want to be successful is not enough. That is just desire. To know what you want, to understand why you are doing it, to dedicate every breath in your body to achieve—if you feel you have something to give, if you feel that your particular talent is worth developing and is worth caring for, then there is nothing you can’t achieve.”

It is perhaps one of the best summaries that we have seen of the meaning of Heart.

Whether you are an artisan seeking to perfect a craft, a musician working toward capturing every note’s nuance, an athlete dedicated to an intense daily training regimen, a founding team member building a business from the ground up, or an executive leader engaged in corporate business-building, unless you inject and impose a higher sense of purpose, your efforts will lack soul and be less likely to succeed. Purpose and passion are the foundations of Heart, and in some respects, the foundation of a business.

With purpose, Heart is persevering and passionate; it gives out and back to the world. To have purpose means giving individuals a product or service that is worth caring for and that has a clear *why*, or reason for being. As we have said, purpose need not be overly lofty or social, but should instead focus on being clear and reflective of underlying values. And while money will often flow to a business that delivers on its purpose, the purpose has to be something other than “making money.” Among the purpose-driven questions we like are: *How might this make for happier consumers? More engaged learners? Smarter diets? Better decision making?*

To trust what you are feeling, to know it makes up the real Heart of you and your business, you need an unbreakable connection and consistency between what you do and your underlying principles and values. Ask yourself, how strong is the linkage between your behavior and your values? Doing what we say and saying what we do, and basing both on our principles and beliefs, creates a confidence and trust that is the greatest leverage for improved leadership, impact, and business-building potential.

If you watched one hundred Hollywood films in a row, you would be left with a recurrent theme: *Follow your heart*. Heart has become more or less synonymous with fuzzy goal-seeking and perceived to be absent of rigor or critical intelligence. But from our perspective, Heart is anything but indistinct. Its three identifiable and defining characteristics—purpose with passion, sacrifice, and nuance—are unmistakable. In a skeptical era, many of us are wary of “believing” headlong in anything. Which is yet another reason why entrepreneurs and businesses with an authentic Heart have increased impact and possibility in the way we see and live in this world.

Advance Praise

“Invaluable advice and timeless wisdom written with clarity and practicality for any business leader.”

- DOMINIC BARTON, *Global Managing Director, McKinsey & Company*

“Reminds us all of the power of self-awareness for success in business and life.”

- DEEPAK CHOPRA, *Author, Spiritual Solutions; Co-Founder of the Chopra Center for Wellbeing*

"A book by authors who care and know about the business-building journey because of their first-hand experiences and analytical acumen. "

- RAM CHARAN, *Business Consultant and Bestselling Author*

“Wisdom—some of it shockingly counter-intuitive—from la crème de la crème of successful people from all walks of business and life, told not only in parable but with data and directness. The E.A.T survey tells a timeless truth: that knowing oneself is fundamental to thriving.”

– PATRICK CHUNG, *Partner, NEA*

“The book provides the self-awareness and tools a leader needs at every stage of their business from founding to scaling and beyond.”

– BETH COMSTOCK, *Chief Marketing Officer, GE*

“Great, really great... not just for business people, but for anyone trying to make better decisions and better manage relationships.”

– KEITH FERRAZZI, *NY Times bestselling author of “Never Eat Alone”, Founder, Ferrazzi Greenlight*

"Tjan, Harrington and Hsieh have nailed it. Building great companies takes a powerful cocktail of Heart, Smarts, Guts, and Luck. HSGL is filled to the brim with the lessons of innumerable successful entrepreneurs and the traits that helped them deliver on that success. Would-be entrepreneurs would be well served to give HSGL a careful read and measure themselves up on the heart, smarts, guts and luck scale."

– DAVID HORNIK, *General Partner, August Capital*

"A practical and fun read for entrepreneurs."

– TONY HSIEH, *NY Times bestselling author of "Delivering Happiness" CEO of Zappos.com*

"Profoundly insightful. Transparent, gritty business advice from the entrepreneurs themselves and their inside stories. The Entrepreneurial Aptitude Test will change the way you understand yourself, your strengths, and how you work forever."

– DAVID KIDDER, *CEO, Clickable*

"Refreshingly human. Gets at the core of what it takes to build a successful entrepreneurial venture."

– DAVID LAWEE, *Vice President of Corporate Development, Google*

"It's a rare treat to be able to learn directly from leaders who are so extraordinarily accomplished across multiple parts of the business world—Hearts, Smarts, Guts & Luck is easy to relate to and relevant for any new or experienced entrepreneur."

– JOE LONSDALE, *Founder of Palantir, Addepar, & Formation 8*

"Heart, Smarts, Guts and Luck are crucial not just for those who start a business, but must also be in the DNA of everyone who wants to succeed in a transnational, high growth company."

– SUNIL MITTAL, *Chairman & Group CEO, Bharti Enterprises*

"The authors have a rare combination of entrepreneurial and operating backgrounds, together with the experience of partnering with founders in a venture capital context. They have collected a perspective on what makes a successful entrepreneur that everyone should enjoy and benefit from."

– HENRY McCANCE, *Chairman Emeritus, Greylock Partners*

"HSGL is a book full of lessons that every entrepreneur should absorb and apply...you will learn both the science, art and the stories to help create both a successful business and life."

– JEFF ROSENTHAL, *Co-founder Summit Series*

"It's a rare treat to be able to learn directly from leaders who are so extraordinarily accomplished across multiple parts of the business world—Hearts, Smarts, Guts & Luck is easy to relate to and relevant for any new or experienced entrepreneur."

– JOE LONSDALE, *Founder of Palantir, Addepar, & Formation 8*

"An entertaining and informative "wisdom collector" that sheds light on the many paths to entrepreneurial success. Every entrepreneur can benefit from studying what others have learned from the "thrill of victory and the agony of defeat."

– WILLIAM SAHLMAN, *Professor of Business Administration, Harvard Business School*

"Finally, a book that investors like us can use with portfolio companies to engage them on their opportunity and challenges in growing businesses. Highly recommended."

– YIBING WU, *President, CITIC Private Equity*