

LESSONS IN ENTREPRENEURSHIP

How to learn to let go

Preparing for a worst-case scenario gave one entrepreneur the courage to make the leap. Stuart Read and Saras Sarasvathy report

Tom Fatjo was an accountant in Houston in 1967 when a meeting in his community challenged him to take up the garbage collection problem the neighbourhood was facing. Having borrowed \$7,000 for his first truck, he would wake at 4am each day and collect rubbish for two hours before changing into a suit to go to work in his accountancy office. This went on for over a year before he sat down to make the hard decision of whether to go it on his own.

TAX MAN OR GARBAGE MAN? "The pressure just kept building," wrote Fatjo in his 1981 book *With No Fear of Failure: Recapturing Your Dreams Through Creative Enterprise*. "Even though it was cold, my body was damp from continuous perspiration. Since so much of what I was doing in the accounting firm had to be done by the end of the tax year and involved important decisions with key clients, I needed to spend time thinking through problems and consulting with them as they made decisions. I was caught in a triangle of pressing demands, and I felt my throat constricting as if there were wires around my neck."



Cashing in on trash: not just a load of old rubbish to entrepreneur Tom Fatjo

WHATEVER IT TAKES Fatjo recalled lying in bed one night, exhausted but unable to sleep. As he stared at the ceiling, he imagined all his refuse trucks breaking down at the same time: "I was trying to push each of them myself in order to get them going. My heart began beating faster in the darkness and my body was chilled. The horrible thought that we might fail almost paralysed me. I wanted to quit and run away. I was scared to death, very lonely, sick of the whole deal. As hard as I tried to think about my life and what

For Fatjo, making the commitment to take the plunge meant him understanding and coming to terms with what he could lose

was important to me, my mind was just a confused mass of muddled images... I remembered committing myself to make it in the garbage business 'whatever it takes!' I lay back on my pillow and felt a deep sigh within myself – 'Good Lord, so this is what it takes,' I thought, then rolled over and got some restless sleep."

TAKING THE PLUNGE When Fatjo let go of the security blanket of a white-collar profession to found the waste management company Browning-Ferris Industries (originally American Refuse Systems), he had no way of knowing he would end up building a billion-dollar enterprise that shaped an entire industry. But what he did know was his worst-case scenario. For him, making the commitment to take the plunge meant understanding what he could

lose, and coming to terms with that possibility.

AFFORDABLE LOSS Fatjo's decision embodies the principle of affordable loss. Instead of considering the potential upside opportunity in waste management, the important information in Fatjo's decision was what the possible downside looked like, and whether he could tolerate it, should the worst happen. By focusing on the prospect of the negative, entrepreneurs effectively manage the risk inherent in a new venture down to only what they find personally acceptable.

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