

What I Learned About Entrepreneurship From My Flight Instructor

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Different Types of Flying

Hobby/Kitplane

- “Self-Employed” Entrepreneur

Commercial Aviation

- True Business Venture Requiring Investment, Employees, Growth

Space Exploration

- Worst of Dot-Com/Web 1.0: Massive Risk, Massive Expense, New Frontier



Basic Training

Pilot's Continuous Mental Tape Recording:

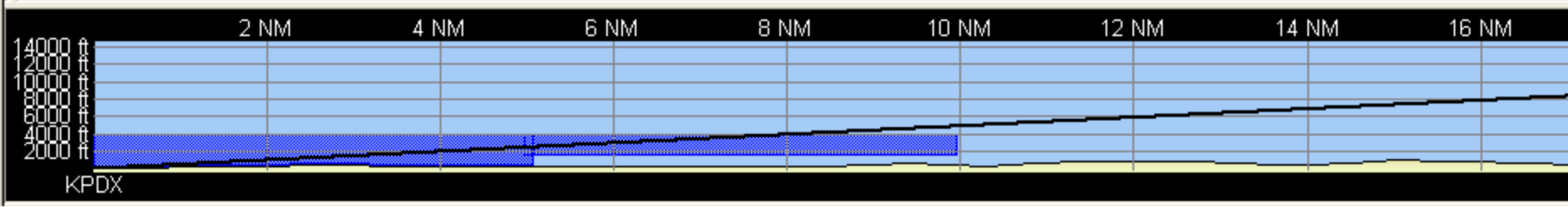
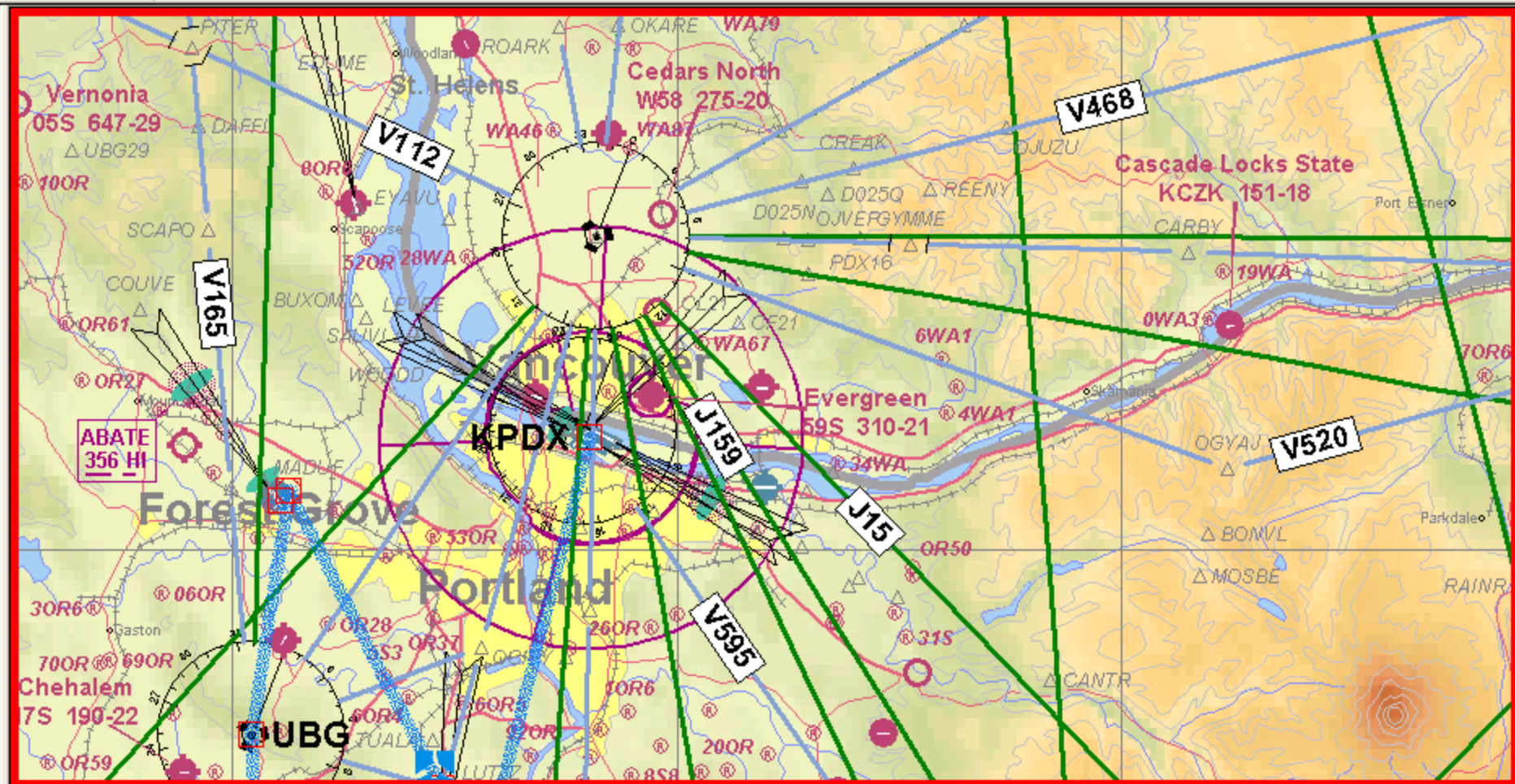
- “Where Am I”
- “Where Do I Want to Go?”
- “How Am I Going to Get There?”

Repeat to Yourself Every Minute Enroute





Chart View Approach Charts Notebook Reports Weather



Continuous Re-assessment

Aviation

“Where Am I”

- Navigation aids (e.g. GPS)
- Aeronautical charts
- Talking to the outside

“Where Do I Want to Go?”

- Flight Plan
- Alternate Flight Plan

“How Am I Going to Get There?”

- Staying ahead of the airplane

Business

“Where Am I”

- Financial Statements
- Key Business Metrics
- External measures

“Where Do I Want to Go?”

- 3-5 Year Business Plan
- ROI and liquidity objectives

“How Am I Going to Get There?”

- Short Term Objectives
- Tight Budget Controls



Balanced Field Computations

Aviation

- Do you have enough Runway?
 - Surface type
 - Precipitation
 - Icing
 - Braking Power
 - Thrust
 - Crosswinds

Business

- Do you have enough Runway?
 - Cash Balance
 - Burn Rate
 - Incremental Cap Ex
 - Cash Reserves
 - Accommodating variability in revenue



Why Simulation is Important

- Always model the Best Case, Worst Case and Most Probable scenarios
- *State* the Best Case to motivate investors, employees, vendors – never count on it or say “this is the target we expect to achieve”.
- *Use* the Worst Case to make sure you’ve raised enough cash and have developed sufficient contingencies.
- Try hard to *achieve* the Most Probable, and *beat it* as often as possible.



What/If Scenarios

Aviation

- What if there are air traffic delays?
- What if the engine quits?
- What if the landing gear jams?
- What if a thunderstorm develops in your path?

Business

- What if the product is late?
- What if revenues miss?
- What if expenses exceed budget?
- Hard to model: Human factors, external events



A Stabilized Approach is a Beautiful Thing



Only Do This on a Simulator!



(i.e. what Excel modeling is for)

There are Only Two Kinds of Pilots

- Those who've experienced an engine failure
- Those who haven't yet, but eventually will

i.e. All businesses go through cycles, be prepared to deal with both ups and downs.



When Things Go Wrong

- Have a contingency plan for *everything* that could go wrong; work it out with your management team *ahead of time*
- Accidents are rarely the result on only one mishap – usually a series
- Aviate, navigate and communicate



Disaster Response

In Aviation

Aviate

- Fly the airplane first
- Don't lose control

Navigate

- Return to your planned flight path as quickly as possible
- If Alternate Airport is to be used, plot the course

Communicate

- Tell ATC of your intentions
- Request assistance if needed

In Business

Aviate

- Manage customers, vendors, employees first
- Don't lose control

Navigate

- Honor the company's mission statement and key objectives
- If the mission statement isn't working, is it time to rewrite it?

Communicate

- Keep employees in the loop
- Talk to your board, then tell your shareholders



What We Can Learn from Accident Investigations

Aviation

- How to avoid strategic errors in the future
- Better advance planning for contingencies
- Lessons you'd never pick up if everything was going OK
- Identifying the performance envelope of the aircraft

Business

- How to avoid strategic errors in the future
- Better advance planning for contingencies
- Lessons you'd never pick up if everything was going OK
- Identifying the performance envelope of the business



“But For One Thing...”

- Company X would still be here today
- Company Y would not be here today

“Man is the only creature that has the ability to learn from the mistakes of others, yet often turns down the opportunity”



Tips for Success

- Learn from others as much as possible
 - Don't rush into entrepreneurship before sufficient apprenticeship in business of the same size and speed
 - Surround yourself with people smarter than you; stack your exec team and Board with "A" players
- "*Do what you love and the rest will follow*" is horrible advice for starting a business. Figure out first what will be loved by **markets** and **investors**, and pursue *that*.
- Plan thoroughly before plunging ahead... don't be afraid to scrap everything and start over – at any time.

