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“7 Types of Capital that Entrepreneurs need to be Successful in Business”.

One of the most common barriers that aspirational or emerging entrepreneurs use when they talk about why they can't launch or scale their enterprises is usually that they don't have enough financial capital.

Whilst financial capital is important and obviously needed to some degree, the problem with this type of thinking is that it suggests that there is only one form of capital that is usually needed to launch or scale an enterprise.

The reality is that there is at least six others that are vitally important and these others can and do have a significant bearing on the seventh one.

When I say capital, what I mean by that is assets that can be invested to launch or establish a business

The seven types of capital that entrepreneurs need to engage with to be successful in business.

1. Intellectual Capital
2. Emotional Capital
3. Relational Capital
4. Mental Capital
5. Financial Capital
6. Entrepreneurial Capital
7. Social Capital

1. Intellectual Capital

- Intellectual capital means that you require to carry knowledge of something, or about how something works or how to operate something.
- This isn't just limited to school or general knowledge
- For businesspeople this usually means some form of having growing speciality around a business skill, people leadership, product or an industry
- EG. Plumber, electrician, cleaner, accountant, sales manager etc
- The more specialised the knowledge becomes the more potent and potentially successful you can become in your chosen field of enterprise

Application

1. There has never been a greater time in the history of mankind for anyone anywhere who has access to the internet to become a specialist in almost any field of interest.
2. The harnessing of time and focussed attention is the master key to gaining specialised and pertinent knowledge
3. The best way to set this up for almost anyone is to invite people to set a certain achievable amount of time a day aside to grow in your intellectual capital. (Even 1 hour a day Mon to Friday over a year gets you 250 of intellectual capital on a subject). Do that for 4 years and you will have 1000 hours of intellectual capital built up!

2. Emotional Capital

- What I mean by emotional capital is your ability to become robust with regards to being emotionally stable and resilient
- For businesspeople this is extremely important as you will usually have to manage moments and sometimes seasons of rejection, delays and also failures.
- Your capacity to absorb, manage, process, learn from and bounce back from emotional trauma is going to be a huge factor in the realm of your success.
- Pain and pleasure are both great motivators (Though pain is the greater motivator of the two) and if harnessed correctly these emotions can serve to propel us to become better, bigger, kinder and wiser

Application

- Part of the journey towards building emotional capital is prioritising your emotional wellbeing as something worth investing in
- Physical fitness, reflection and renewal, and a great diet is important
- Surrounding yourself with emotionally safe people who are caring, honest and seek your best interests are important to have around you

3. Relational Capital

- This speaks about your ability to relate to and be winsome with people, from the doorman to the CEO (Gatekeepers are really important)
- People at the end of the day want to do business with people that they like
- Your capacity to understand and positively influence people is a major factor in the amount of opportunities that will come your way

Application

- Everybody you meet has a story to tell you, until you understand some of that story you will not really know them
- When you first meet someone, they are asking you 3 questions in their emotions that they will never ask with their mouths. 1) Do you like me? 2) Can I trust you? 3) Will you do what you say?
- You need to dance according to the music being played! Everyone has a song or personality rhythm being played, you need to discern it, learn it and respond to it.

4. Mental Capital

- Mental capital goes way beyond remembering names, it is about building the mental discipline to be able to retain and recall important facts and figures about the enterprise or field of discipline that you are engaged in

- Whilst IQ cannot be increased, what can be enhanced is your ability to carry a breadth of knowledge that will be useful to you as you position yourself in front of key people
- The formation of listening, reading and information collation strategies will be extremely helpful in this space

Application

- Specialised reading of industry or discipline specific manuals, reports, and training material will help you build your knowledge base
- Collating notes and accessible files of specialised knowledge will assist you in getting your hands on the relevant information that you need quickly
- Practising repeating key information helps to solidify the pertinent knowledge deep inside your brain.

5. Financial Capital

- The ability to manage and understand wealth is one of the 7 capitals that entrepreneurs need to harness well if they are going to give their enterprises every possibility of succeeding
- Finance is impartial, it is not emotional, it will work for the person who learns its laws and masters them.
- All entrepreneurs need to learn how to start with what they have as far as financial capital is concerned or figure out how to draw or attract more to themselves. Money comes to the right energy! (Clear vision, wisdom, competence, timing, opportunity)

Application

- If you cannot manage \$1000 well you will not be able to manage \$1 million, learn how to manage and balance a budget. There are only two ways, challenge expenses and generate more income
- Most entrepreneurs waste financial capital on things in the start-up phase of an enterprise based on faulty assumptions. Challenge every expense and learn the difference between investing and spending
- Sometimes in the excitement of the dream entrepreneurs go all in unnecessarily or too quickly. If you are at the start of something work out a way to minimise the risk and pressure of having to make a certain return immediately. If you are established and this is about the launching of a new product or part of your enterprise, look for options such as consignments, partnerships or investors.

6. Entrepreneurial Capital

- Entrepreneurial capital is your ability to understand the world of business. What I mean by that is that the marketplace has its own language, perspectives and wisdom. If you are unaware of this paradigm, you will find yourself vulnerable to lots of pitfalls and dead-end ventures.
- Many people have the idea that anyone can be an entrepreneur or that being your own boss is this automatic ticket to freedom. It's not and it's not for everybody.
- The reason many entrepreneurs hang around other entrepreneurs is because most of them understand that they don't know everything they need to know and so they rely on others to fill in the gaps

Application

- Entrepreneurs think a certain way about time, money, ideas, risk and opportunities. The good news is that there is enough information available through books, videos and podcasts to help you be able to hear and learn these perspectives. Build a pattern of consistent study into your life>
- I would suggest that you pick 2 or 3 of your heroes in business and study their lives and philosophies of business. That doesn't mean that you will agree with everything that you read or that you will follow the exact same path as these heroes. However you will be advantaged and accelerated by their wins and also some of their losses.
- Exercise looking at situations and things through the perspective of an entrepreneur. Solve problems and create solutions for things that are presently in your world, this will build your entrepreneurial skills incrementally

7. Social Capital

- Put simply social capital is the ability to engender the goodwill of people through being winsome
- Whether you are introverted or extraverted you can become a person who knows how to engage an individual or a group in such a way that they feel motivated to bring favour to you

- I'm not speaking about being manipulative here as that is a short cut to misery and ultimately will ultimately alienate you, people will eventually see through it all

Application

- No matter what business we are in, at the end of the day we are all in the people business, that would mean learning about how and why people behave certain ways is an important discipline that an entrepreneur needs to engage in.
- Everybody wants something, figure out what they want and make it your mission to get them what they want, and you will engender social capital in such a way that it will come back to you
- Follow and learn from some of the best behavioural teachers on the planet through their books, video and seminars. Much of the content is free or inexpensive through digital or virtual formats

(Some of the seed thoughts for this outline came from a masterclass session that I was watching with Dr Charles Omele Speaking on it).