BUSINESS & STRATEGY

The Self-Made Billionaire Effect

by John Sviokla and Mitch Cohen

Self-made billionaires think like Producers: they create what is missing instead of perfecting what exists.

BEST POINTS FROM THE BOOK

01 **Producers create new value. Performers optimize what already exists.**

A Producer holds opposites at once - judgment plus imagination - and assembles people and resources into something that was not there. A Performer excels inside a known system. Companies need both, but only Producers redefine what is possible.

02 **The billionaire profile is a myth: not young, not tech, not just lucky.**

In the authors' sample of 120 self-made billionaires, fewer than 20 percent made it in tech, most succeeded after age 30, and they were not necessarily smarter or harder working than peers. Mindset, not biography, is the separator.

03 **Most billionaires won in red oceans, not empty new markets.**

More than 80 percent earned their billions in crowded, mature industries. The edge is rarely a brand-new field - it is a better design inside a fight everyone else thinks is settled, like Red Bull's skinny can at twice Coke's price.

04 **Empathetic imagination: feel the customer's pain, then dream wildly past it.**

Blockbuster ideas marry extreme empathy for what customers need with bold, untested imagination. Sara Blakely built Spanx inside a hosiery market giants already owned - by sensing what women actually wanted.

05 **Patient urgency: prepare relentlessly, wait calmly, then strike fast.**

Producers work at several speeds at once. Eric Lefkofsky held his Groupon idea until social media made it possible - then launched with ferocious speed the moment the timing ripened.

06 **Inventive execution: nothing about how it reaches the customer is fixed.**

Producers redesign the product, pricing, delivery, and customer experience with the same inventiveness as the idea itself. When Michael Jaharis found his drug failing, he reinvented it as a patch - and built a $2 billion outcome.

07 **Take a relative view of risk: fear missing the future more than losing the present.**

Self-made billionaires are not huge risk takers. They weigh the risk of inaction against the risk of action - Apple's co-founder Ron Wayne quit within days out of fear, while Jobs stayed. What they refuse to risk is the chance itself.

08 **Bet big, but protect the downside so you can play again.**

Many Producers keep a parallel safe source of income while chasing the big opportunity, and when early ventures fail - as many do - they have the resilience and resources to try again. Survival is what lets the relative-risk math work.

09 **Leadership is a partnership: find the Performer who completes you.**

Producers overwhelmingly do not go it alone. Jobs had Wozniak, Bloomberg had Tom Secunda, Knight had Bowerman. The Producer supplies the blockbuster concept; the virtuoso Performer makes the machine deliver it.

10 **It is a repeatable mindset, not a lucky break: over 90 percent did it more than once.**

More than 90 percent of the sample launched multiple successful businesses. Luck cannot explain repetition - a portable way of thinking can, and it can be practiced.

11 **Big companies reward Performers and drive their Producers out.**

Atari lost Jobs, Salomon Brothers lost Bloomberg, PepsiCo lost Steve Case. The book's charge to leaders: spot emergent Producers, give their odd ideas legitimacy, and hand them Producer-sized challenges before a competitor - or their own startup - does.

THE BOOK, IN SHORT

John Sviokla and Mitch Cohen - both senior PwC leaders, Sviokla a former Harvard Business School professor and Cohen a PwC vice chairman - set up a research team at PwC in 2012 to answer a sharp question: how does anyone create a billion dollars or more of genuinely new value, and why can't big companies keep the people who do it? Starting from the Forbes billionaires list, they removed inheritors and fortunes built in opaque markets, leaving roughly 600 self-made billionaires, then randomly selected 120 to study in depth, with interviews including Steve Case, Mark Cuban, and T. Boone Pickens.

Chapter one explodes the myths. These billionaires are not mostly young tech prodigies: fewer than 20 percent came from technology, more than 70 percent succeeded after age 30 (nearly 70 percent had already owned a business by 30 - early reps matter), and more than 80 percent made their fortunes in highly competitive, mature 'red ocean' industries rather than brand-new ones. They are

not simply smarter, harder working, or luckier - over 90 percent launched multiple successful businesses, which luck alone cannot explain.

The real difference is a mindset the authors call the Producer, set against the far more common Performer. Performers win by excelling inside a defined system - hitting targets, perfecting a craft. Producers thrive in uncertainty: they hold ideas most people keep in tension - empathy and imagination, patience and urgency, bold bets and protected downside - and integrate them into entirely new products, services, strategies, and business models.

That duality runs through the book's five habits of mind, one per chapter: empathetic imagination (designing the blockbuster from deep customer empathy), patient urgency (thriving despite the uncertainty of time), inventive execution (reinventing any part of how a blockbuster reaches the market), reversing the risk equation (avoiding the risks others take and taking the ones others avoid), and the Producer-Performer partnership (finding a complement who runs what the Producer dreams up).

The warning lands on large organizations: their systems select for Performers and weed out Producers, so the people who could build the next big thing leave - Jobs from Atari, Case from PepsiCo, Bloomberg from Salomon Brothers, Stephen Ross from Bear Stearns. The hopeful close: Producer habits are identifiable and practicable. Leaders who learn to spot emergent Producers, wrap their non-traditional work in legitimacy, and protect them can create the billionaire effect inside their own walls - and anyone can start training the habits personally.

DO THIS WEEK

This week, run a one-page Producer audit on your main project. (1) Red ocean check: name one crowded market you know well and one customer frustration insiders have stopped noticing. (2) Patient urgency: write what you will prepare now versus what signal you are waiting for. (3) Relative risk: write the cost of failing next to the cost of never trying. (4) Partnership: name the Performer whose strengths cover your weak side - and book one conversation with them.

By John Sviokla and Mitch Cohen, first published 2014. Read it if you want to build something new instead of only climbing inside what exists.