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Who Wants to Be a Billionaire?

Does your idea of success include more than 6 zeros? Entrepreneurs who have reached the pinnacle of financial success reveal how you can develop the "billionaire mind-set."

By Andrea Cooper | Entrepreneur Magazine - February 2008

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Back in the "90s, the big goal for many entrepreneurs was to earn a million dollars. A million meant you had made it--you were not only thriving, you were rich. Alas, being a millionaire now just doesn't have the same cachet. To reach the same level of prestige now, you need to be a billionaire. Once, that might have been a far-fetched dream for entrepreneurs. But today, it isn't only global corporate kings who can luxuriate in such wealth and lead billion-dollar enterprises. Entrepreneurs are creating and running some of these wildly successful companies, too. You'll meet two of them--Marc Ecko and David Hitz--in the following pages.

Marc Ecko once said he hoped people would think of him as Willy Wonka. It's easy to see why, because Ecko brings a sense of edgy wonder to his work. As chief creative officer of Marc Ecko Enterprises and co-founder with his twin sister, Marci Tapper, 35, and business partner Seth Gerszberg, 36, Ecko presides over an empire of clothing and accessory lines, such as Ecko Unltd. and Zoo York, as well as a video game and multimedia division and a magazine.

Ecko (born Marc Milecofsky) began as an entrepreneur at age 14, painting T-shirts in his family's garage in New Jersey. He got the nickname "Echo" when he was born because his mother didn't know she was expecting twins. Ecko isn't known for being quiet now, though--his grand gestures include releasing a video on the web showing graffiti artists spray-painting "Still Free" on Air Force One in 2006. The video was so realistic that government officials checked to make sure the real presidential plane had not been vandalized. (It hadn't.) Last year, he bought Barry Bonds' record-breaking baseball for more than $750,000 and let people vote on what should happen to it.

Ecko thinks bold in his business dealings, too. In addition to his wholesale operations, he plans to open 150 retail outlets by 2010, and a flagship store in Times Square is in the works. The New York City company earned sales in excess of $1.5 billion in 2007. We talked with Ecko about his business and having fun.

You started the business while studying pharmacology at Rutgers. What did you want your business to be?

At the time, I was just doing T-shirts, but I'd go to trade shows and see brands doing everything from snowboard jackets to jeans to leather. Every time, little bits of the business revealed itself. I was like, "That's fair game. I should be able to do that, too."

Your company nearly went bankrupt about 10 years ago. Everybody was telling you to bail out. Why didn't you?
We knew there wasn't anyone we were meeting in our space who was any smarter or working any harder than us. Maybe they had more experience. They didn't necessarily have more smarts.

Here's the other thing, to be candid: You're $7 million in debt, $16 million in sales. You're functionally bankrupt. Who the hell is going to buy you? We were not a very attractive thing to purchase, even though we were putting ourselves out there on the block. It managed to get us a lot of interesting meetings with players and thinkers, though. People were intrigued by us. We were young and scrappy, and they found us charming, so they gave us the time of day. And man, every time we'd get a session, we'd just try to learn as much as possible.

Like what?
Everything. You're sitting across from the general merchandising manager. What's merchandising? Oh, you're in charge of information management systems. OK . . . what's that? You'd investigate who the players were; you'd ask what the best practices were.

Your sales went from $16 million to $96 million by 2000. What changed?
We stopped trying to sell the company. Then we had the good fortune of [talking to] Alan Finkelman. Alan's father was a part owner in a traditional sportswear company that sold mass, mainstream products to discounters and discount chains. But they had the infrastructure: the warehouse, the production shops, the computer systems. My partner Seth convinced Alan to help us.

Alan could buy into our company. What it would allow us to do is focus on marketing, production, all the stuff we'd learned about in the pursuit of wanting to sell the company.

Alan said if we could pay him back in two years, he'd let us buy back all of his percentage for the interest plus a dollar. That let us put our heads down and focus. Sure enough, in 18 months or so, we bought back his position. If it wasn't for him, we might not have ever had that outlet to turn it around.

What kinds of mistakes did you make along the way?
From 1999 to 2000, we had a hiccup in our sales. Frankly, I take most of the blame. I became arrogant about my capacity. I got first-class tickets to Amsterdam, Milan and Paris and went on a shopping trip. I came back with a soundtrack to a new direction. Coming off the heels of a very successful 18-month run-up, I thought I could do no wrong.

I designed a line that was just shit. It was done in a very self-indulgent, ivory tower kind of way with no semblance of merchandising, no data as to what worked before, what are the colors that are working in the market--all the things you do that are best practices. The stuff got to retail and completely bombed.

I sobered up. What did I do wrong? It was like a wind sprint to get back on course. To feel that pain again and feel like it could all disappear was a very healthy thing for refining our process and putting more quantitative analysis into the design.

What is your role in the company today?
I look for big, bold strokes--business development in new areas. It became very clear that the best thing I can do, rather than being deep in the weeds with design, is to be a muse to my organization. If I come in and say, "I want graphic T-shirts with deep V-necks," in three months, it'll be there. If I'm in the weeds, negotiating changes, it's just one more message that might or might not get executed. The more distance I've created from a hands-on, deep touch design perspective, the better and more effective I've been as a design leader.

As chief creative officer, I've got a painting factory. I have a dozen or so oil painters and sculptors that are constantly building fine art for me. I'm trying to create images that I can't necessarily create in a purely commercial environment. It's like R&D almost. That artwork informs our designs in a huge way.

Do you have any advice you want to give to readers?
There's a book by Daniel Goleman, *Working With Emotional Intelligence*. That was a big tipping point for me, applying that to my business.

I don't think there's one silver bullet that will shoot you to the moon. Not being emotional and being able to call shit on yourself and on the people around you is really important. And not having to worry about tap-dancing or tiptoeing around people's feelings. Just to be sober and say, "Look, this is how it really is." I think having an environment that lends itself to that without everyone getting pissy is really important. That, coupled with being passionate and being able to distinguish between the shades of passion and emotion, because there is a distinction. Being passionate doesn't give you license to be emotional.

What new things do you want to do?
Right now, one of our big focuses is our retail expansion. That's a great cultural shift for our company, controlling our own destiny.

I'd like to do something on a really large scale relating to public school reform. I don't know how that's going to take shape. I'd love to one day create lots of public art for this country. There are more video game projects I've got cooking. Just to have fun--that's the most important thing.

Is it still fun for you?
It's so much fuckin' fun. I'm so lucky, it's ridiculous. Some days it's hard, a lot of heavy lifting. But I can always end the day thinking, "What else would I be doing?" If you can't envision doing something else, then you've got the right gig.

In high school, David Hitz built a computer from a kit, but his mom warned him not to think of computers as a career. Good thing he didn't listen. Hitz, 45, founded Network Appliance (aka

NetApp) in 1992 with James Lau, 48, to simplify digital storage. The Sunnyvale, California, company that began with less than a dozen full-time employees soared to 6,600 strong and $2.8 billion in revenue for fiscal year 2007, an increase of 36 percent from the 2006 fiscal year. Before age disqualified him, Hitz made Fortune's "40 Richest Under 40" list more than once.

Here he describes the mind-set that helped him build a billion-dollar business, including how he learned valuable management lessons while herding, branding and castrating ranch cattle.

Some people describe you as charismatic, and you've called yourself the loudmouth of the company. Are those traits important for NetApp to thrive?
When a company is little, there's just a handful of you. It's relatively simple to get that group of people to figure out where they are going. As the company grows, one of the biggest challenges is to get all of the people headed in the same direction. To accomplish that, you need to be a loudmouth, and I mean that broadly. You need to talk, you need to write. Writing is an extremely powerful tool. It helps you test your thinking. Writing is also a great way of communicating to lots of people at once. I started a blog and I've written papers that I call future histories, which are my best attempts to describe how I think the world is going to look three years out, sometimes further.

Is charisma one of those intangible qualities that would help someone achieve the success you've achieved?
Maybe charisma is what happens when somebody is doing something they care about and shows passion for the thing they are doing. I really believe it's important to start by doing something you love.

When we went public in late 1995, I was about 32. All of a sudden, I was a multimillionaire. It really [led to] some soul searching. I could do anything I wanted. What is it I wanted to do? I realized I was doing the thing I want to do. There isn't something else.

Before graduating from Princeton, you studied at Deep Springs, a college where students work on a ranch. How did that experience influence you?
Deep Springs is in the middle of nowhere. You're out there doing stuff and you don't necessarily know how to do it. That's part of the point. It's a very make-do environment.

That lesson carries through to the startup world. When you're shipping a product with eight people, you'd better not be having very many fights where people say, "That's not my job because here's the thing I focus on." Whatever it is, you just figure it out and do it. That doesn't mean be stupid about it. Read a book. See if you can find someone who has done it before and talk to them. Occasionally, if it's important enough, you better hire someone to do it. But just dive in.

When you launched this business, how big did you envision it?
Nowhere near as big as it got, I can tell you that. When we put together our business plan, we believed that there was a total market of maybe 700 million.

When did you think this could be a billion-dollar business?
Our original concept in the early '90s was to do storage over Ethernet that would be useful for engineering environments. As the dotcom boom came in, you started seeing companies wonder, "How can I get all my stuff onto the internet?" We raised our hands and said, "Storage out over Ethernet--that's what we do."

It really was the dotcom boom that took us to a billion dollars. We grew like crazy. From 1993, when we first shipped product, to 2001, every year we basically doubled--in revenue and head count.

Your company celebrated its 15th anniversary last April. How do you sustain the business without going flat?
Dan's [Dan Warmenhoven, CEO of NetApp] philosophy of market share is when you reach 10 percent market share in your current market, you'd better think about expanding to something much larger. And then when you reach 10 percent of that next strategic perimeter, you'd better think about expanding again. So you are always the scrappy little guy looking at what big guys you can be fighting against.

When we started, we did storage for small UNIX workgroups. It was a very natural evolution to do storage for larger UNIX workgroups. Then we said we're going to do storage for Windows as well. Later we got out of the market for low-end storage for engineers--storage for individuals at their desktops--and into the market for the kind of storage that companies run their businesses on. That's a whole different zone of storage, and we had to develop whole new technologies. That opened up the market immensely.

How do you stay engaged and interested?
If the issues were all the same as five years ago, I wouldn't be interested. I love thinking about new problems. In 2003 or so, we were a $1 billion dollar company and now we're near three. That's an enormous difference.

Have there ever been moments when you've wondered how to control the tidal wave you've created?
Guess what: If you're doubling every year, you are not in control. You'd better figure out how to get a set of people, all of whom understand, roughly speaking, where you are trying to get to, and then trust them to do the stuff they're supposed to do. Not just because that's the most moral solution or the most fun--I can't imagine another model that will work at those growth rates.

Some people may be surprised to hear you say that.
A lot of people head toward mechanical analogies when they describe companies: "It's a well-oiled machine." I don't feel that way. A company is like something that grows. It's organic. You hire someone, and that person hires someone, and pretty soon there's a whole group of people. You didn't design it. Occasionally you might prune it or change it or rearrange things.

Say I planted an acorn, weeded it, watered it and made sure it was in a sunny spot. Ten years later, there's an oak tree and someone says, "What does it feel like to have built that oak tree?"

You participated. You helped. But there was the magic as well. The workings of 100 human minds combined together definitely might as well be magic.

Andrea Cooper has written for Time, *National Geographic Online and other major outlets.*

What essential characteristics do America's wealthiest entrepreneurs share? More important, how can you, too, develop these qualities? Read on to find out how to think like the entrepreneurial elite.

The wealthiest entrepreneurs share some common characteristics, according to a 2007 study on affluence in the U.S. from American Express Publishing and The Harrison Group. Researchers looked at the top half of the top 1 percent of America's wealthiest individuals--those who have assets of $5 million and above. (The sampling was representative of the top 600,000 households in the U.S., whose mean value of household assets is $30.6 million.) Within this data set, they compared entrepreneurs with nonentrepreneurs. Among the findings:

- Entrepreneurs are less likely to be college graduates than non-entrepreneurs.
- They are more likely to attribute their success to determination, while nonentrepreneurs credit intelligence and education.
- They say their happiness increases as they accumulate more money.
- They are more likely to say money brings them self-confidence, while nonentrepreneurs say it brings them security.

Author Martin Fridson identified some of the same qualities in his research for *How to Be a Billionaire.* "Extraordinary tenacity is right at the top of the list," he says. "Billionaires are not satisfied with as much money as they're ever likely to spend in their lives, so there's clearly something going on beyond mere material satisfaction." These entrepreneurs are competitive, desiring to surpass not only their rivals, but also their own past achievements. Such people can often find a way to turn defeat into victory, proving themselves right in their business judgments again and again.

The billionaires Fridson profiled in his book, including Richard Branson, Warren Buffett, Bill Gates, Kirk Kerkorian and the late Laurence Tisch, all communicated effectively with employees, customers and other constituents. "You don't see recluses quietly making a billion in secret," Fridson points out. And, interestingly, he found that many of his subjects were very skilled poker or bridge players. They took pleasure in a bit of a gamble. That comfort with risk, Fridson says, is key: They like the feeling of playing for high stakes. Perhaps that leads billionaires to see possibilities where others don't.

Billionaires have a different view of what reality could be, says Ken Siegel, a social psychologist and president of The Impact Group Inc., a group of psychotherapists who consult with global companies. Billionaires often have a desire to change the world. Bill Gates, who popularized the idea that you don't need paper to write or calculate, is a good example. "If you think about where we came from, using electric typewriters, [Gates' success] required a whole mind shift about reality," Siegel says. Such leaders want to be the driving force of change and have some control over the way their ideas are implemented.

Though the American Express survey found that top-performing entrepreneurs place a higher value on money, Siegel cautions against using money as your primary motivation. "The more you focus on the financial potential you feel you are owed, the less likely you are to get there," he says. Instead, your focus should be on improving your services or products, with greater profits as the end result.

Along with having success in mind, elite entrepreneurs use distinct business strategies to boost their companies' development, says Rita Gunther McGrath, associate professor at Columbia Business School and co-author of *MarketBusters*. To begin, they figure out a business model with the capacity for what McGrath calls "mind-blowing growth." Dell, for instance, used off-the-shelf components from a variety of suppliers, so it didn't face growth barriers that might have come from difficulties in making or designing components.

While billionaires have a strong belief in their own abilities, the capacity to move forward aggressively, and a willingness to take risks they have thought through, they also hire very talented people to work alongside them. "Unlike a more typical entrepreneur, they are really good at building extremely capable teams without feeling threatened," says McGrath.

Not all attributes common to billionaires are positive, Siegel observes. Those who achieve such great success can be extraordinarily independent, to the point that it's difficult for them to develop close, intimate relationships. Others can be narcissistic, with illusions of invulnerability--witness the recent spate of CEO excesses and fiscal improprieties. Still others can become so engrossed in their work that their families suffer, or they have no life outside of work.

After all the sophisticated analysis, there's one quality billionaire entrepreneurs have that's impossible to deny, much as we might like to. "As corny as it sounds," says Fridson, "capacity to work hard is important."