

There's no shame in starting again

 By [Alon Raiz](#)

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Many entrepreneurs will have no option but to close down their businesses. With the ravaging effects Covid-19 has had on the economy, formal employment may not be an alternative for many.



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Starting again is the only choice available for these entrepreneurs. In this series of articles, I offer insights on the considerations and steps needed to start again and achieve the highest likelihood of success.

No one likes to fail and I include myself in that statement. Failure usually has financial, emotional and other consequences and costs. A failed business, more often than not, results in employees not being paid, creditors not being paid and a sense that years' worth of effort, thinking and building have disappeared down the drain. Business failure often comes with a decimation of confidence in one's own abilities. In a nutshell, failing at business sucks and it is painful!

“ Business literature is filled with stories of zero to hero to zero to hero...incredibly successful entrepreneurs who have built businesses, lost them and then rebuilt even bigger empires. ”

The Covid-19 pandemic spawned a recent newspaper headline about Richard Branson losing his beloved Virgin Airlines. But I doubt that anyone reading that headline honestly believes that Branson will not make a comeback of sorts – perhaps in the airline industry but most likely in some other industry or context.

Elon Musk has been receiving the same level of scrutiny in the press and, depending on the month, you will read that Tesla is either ill-fated or a beacon of entrepreneurial success and perseverance. Up and down and up and down and up.

Never worry about what others say, good or bad

When I first began my entrepreneurial journey in my early 20s, I received some press coverage from one of the financial magazines which I promptly showed to my mentor – like a dog bringing his master his slippers. My mentor briefly perused the article and responded, “That’s nice. But don’t believe a word they say about you!”

Upon receiving a quizzical look from me, he went on, “If you attach meaning or importance to all the positive things they say about you, one day in the future when things might not be going so well and they write negative things about you, you will attach importance to that, too. You need to determine how you feel about you, and not rely on some third party.”

Successful entrepreneurs have an internal locus of control and derive their confidence and self-belief from within. In my many years of working with entrepreneurs, one of the most important frames of mind with which I try to instil entrepreneurs is to develop an academic relationship with their business as a balance to the often emotional and passionate relationship they have with it.

Entrepreneurs need to toggle easily between passion mode and academic (dispassionate) mode. The passionate mode brings with it sheer will and perseverance when there seems to be no logical way through a problem. The academic relationship, on the other hand, ensures that there is place for logical business decisions that are based on fact and not clouded by emotional bias.

Licking wounds

When a business does fail (and it happens to a lot of people), it is important to give yourself some time to feel the pain and all the negative emotions that come with failure. But give yourself a time limit – perhaps a week – to lick your wounds and process the experience before disciplining yourself to toggle to the academic state of mind.

“ *The discipline to properly manage your recovery period is critical in starting again.* ”

Too long and you may have spiralled out of control. Too short and you may not have dealt with all the emotional issues.

In the world of sport, injury is commonplace, and those with the ability to quickly recover from minor and major injuries tend to be those who build prolific sports careers. The same is true of sports people who have lost a game, a match or a critical point. It is the speed at which they recover from the setback that determines whether they will become champions or not. Once you get to an “oh-well-that-happened” state of mind, you are ready to move forward.

One of the most important aspects of toggling to an academic state of mind is that it allows you to assess (after the failure) what assets you may be left with, what relationships you still have left, and what skills you have accumulated. You literally need to take stock, in a non-emotive way, of all these elements as they will become the foundation of your comeback.

The shame game

Shame plays no role in the failure of successful entrepreneurs or sports people. Once the wounds have been licked and the failure acknowledged, they recover their mindsets at lightning speed and begin the process of rebirth – but this time with the added advantages of additional relationships, additional assets and additional experience.

At a random yet serendipitous lunch encounter at the 2012 World Economic Forum in Davos, Switzerland, I had a discussion with a Dr Diane Frances, a Canadian working in the USA. Her view, which I agree with, was that the re-entry rate of entrepreneurs (those who start again after a failure) was significantly different in fear-based societies compared to shame-based societies.

Shame-based societies are those that shame failure and this is very common in Commonwealth countries, South Africa and Canada included – the whole “children-should-be-seen-and-not-heard” or “did-you-hear-the-Joneses-lost-everything?” way of viewing the world.

The United States, for all its ills, does not shame failure. In a weird way, it venerates failure.

As a result of these differing outlooks on failure, a research paper produced some years ago showed that the re-entry rate (the number of times entrepreneurs start again) is 3.6 times in the USA as opposed to 1.1 times in South Africa. I believe that this statistic has a lot to do with the structural shame that exists within our society.

From pain to shame to changing your game

Many entrepreneurs who close down their businesses will most likely open up a similar business. The advantages the second time around are more experience and more learning from the mistakes made in the previous iteration.

An entrepreneur I know, who was making 38% gross-profit margins before Covid-19 in a business he recently shut down, is now making 57% gross-profit margins in a new business he's set up. He has simply shed all the legacy people, processes and clients that hindered his ability to make good margins.

The week after he voluntarily shut down his business (which had been in operation for 11 years), he was devastated, depressed and angry. Only ten weeks later, his words to me were, “Covid-19 was the best thing that has happened to me in a long time. I went from pain, to shame, to changing my game.”

ABOUT ALLON RAIZ

Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of the Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford's Saïd Business School.

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