

# SUMMARY

## ENTRELEADERSHIP

DAVE RAMSEY



# **Summary of “EntreLeadership” by Dave Ramsey**

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Grow your success with top tips gleaned from Dave Ramsey's 20 years of business acumen.

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# QuickRead

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# Introduction

For some people (myself included) chewing gum and walking at the same time are two totally opposite tasks and it's easy to get mixed up when you're trying to do two different things at once. The same is true for many people who are trying to become successful entrepreneurs and guide their business through effective leadership. That's because these two roles often require very different skill-sets. For example, a successful entrepreneur should be bold, creative, and willing to take risks while a good leader should be cool, collected, and unflappable when faced with tough decisions.

It can be hard to do both at the same time and that's why many believe it's pretty much impossible. But as Dave Ramsey's life and career proves, it's not only possible to do both-- it's essential! And that's why this book is dedicated to exploring the steps you can take to cultivate this unique balance.

# What Does an EntreLeader Look Like?

When you read books about people who launched a successful startup, their stories are often wildly unconventional. Some, for example, started their business in under 24 hours on a whim! Other businesses simply grew because one person had an idea for an invention that would benefit him and he kept relentlessly tweaking and marketing it until he found other people who needed it too. And likewise, others dropped out of college with a group of buddies and started a business with nothing but their hopes and dreams. In fact, that's how many businesses-- like the successful blogging platform Blogger-- got started!

These inspiring stories set examples of the qualities a successful entrepreneur should possess because they demonstrate key traits like determination, resourcefulness, and creativity. And from these examples, we can also see that entrepreneurs are bold and ambitious, eager to make their mark on the world and brainstorm new ideas; all of these qualities will help them get ahead in a competitive market. A good leader, on the other hand, is someone who doesn't let their ambition run away with them. Instead, they know how to temper their enthusiasm when necessary and discipline themselves to lead others with passion and wisdom. The last part is especially crucial because a good leader should possess the ability to inspire others. If she's passionate about her vision for her business, she should be able to communicate that in such a way that others catch onto that vision and embrace it as their own.

The ability to embody these qualities equally is what makes a good EntreLeader. And Ramsey posits that you have to be both because the attitude and qualities you bring to the table will not only impact your entire company culture, it can also determine the success of your company. For example, the author recounts a time early in his career when he was managing a team of just 14 employees. Although he was deeply passionate about his company and its mission, his employees didn't feel the same. Because they viewed it as "just a job," they weren't operating on the same

length and this discrepancy in their mentalities often generated conflict, causing Ramsey to frequently overreact to little things. And when an employee continually showed up late, Ramsey's burgeoning frustration caused him to lash out one day. That day, he locked his entire staff outside on a bitterly cold winter day to teach them a lesson, telling them that poor job performance would "leave them out in the cold."

As you've probably already figured out, Ramsey tells this story as an example of what not to do. Because instead of achieving the desired result-- employees who respected his authority and committed to improving-- he actually lost their trust and respect and created a barrier between himself and his staff that almost tanked his company (to say nothing of making their relationships even worse). But he also tells this story because it has a silver lining. Certainly, this is an example of poor leadership. But it's also proof that even if you haven't been a good leader in the past, you can always grow and improve. And as you develop the skill-set of an EntreLeader, you can learn to increase your success and inspire others.

# Make Your Dream Business Reality

How long have you dreamed of running your own business? For many of us, it might be a dream we've cherished since childhood or the only thing we ever wanted to do after college. If that's the case for you, it might feel like your whole life has been leading up to the moment your dream business comes to life. But sadly, that moment often fails to become reality because far too many of us concentrate more on dreaming big than on taking practical, actionable steps to realize our dreams. So, what makes the difference between success and stagnation?

Well, for starters, Ramsey suggests breaking your dream down into specific parts and outlining goals that will help you complete each individual step. This will help you avoid a sense of directionlessness or the temptation to get lost in unrealistic dreams. You can do this by following a process that Ramsey calls "management by objectives" or MBO. The first step of MBO is to individualize your goal-making process by working with each member of your team to help that person set specific goals. Whether those goals are their personal objectives for what they'd like to accomplish in their role or milestones that you, as an employer, would like them to reach, you can use MBO to identify these goals and lock them down. And once you're both in agreement, you can take the next step: setting a solid, mutually agreeable deadline for those goals to be met.

If you find yourself wondering why this method is more effective, Ramsey has the answer: MBO makes the biggest difference in employee performance because it's more inclusive. That's because it takes the sole responsibility of the decision-making process off of you and divides it squarely between employer and employee. Rather than feeling as though a command has been imposed upon them by an authority figure, employees will now have a sense of personal accountability that motivates them to see these goals through to successful completion. However, if you implement this process, it's important to lead by example. So, don't settle for only



using this method on your employees-- use it to improve your own goal-setting abilities too!

As a budding EntreLeader, applying this method in your own life can help you to tackle a number of the issues that prevent us from making our dreams a reality. For example, if you struggle with procrastination or self-doubt, MBO can help you tackle the attitudes that lie at the root of those struggles by providing you with a clear and simple path for accomplishing your goals. This will enable you to stay on track and motivated! Ramsey offers a personal example of the MBO method in action, citing the case of a friend of his who put it into practice. This man was in the same boat as many prospective EntreLeaders: he wanted to start his own business. But rather than wasting time on procrastination or unrealistic goals, he gave himself a motivational ultimatum: if he didn't earn \$5,000 per month after 120 days, he would have to close his business.

Even though this pressure was only internal, it still served as a powerful incentivizer for this man and it motivated him to completely revamp his current business practices. And ultimately, it paid off! The author recounts that he was so excited to keep his dream alive that he poured his heart and soul into the next few months and wound up surpassing his original goal by totalling \$7,000 per month instead! This example just goes to show that we can accomplish amazing things with the right tools. So, maybe it's time to stop and consider how practicing the MBO method could help you!

# The Value of a To-Do List

Some days, you're just not feeling it. Whether that causes you to ping-pong between tasks all day, feeling distracted and unable to see anything through to completion, or you arrive at the end of the day struggling to figure out what you actually did with all your time, it's easy to feel adrift and directionless. It's also no surprise that that feeling is the enemy of productivity; a year of aimless, empty days does not build a successful new start-up. Fortunately, you can reclaim control by supercharging the goal-setting steps we discussed in the last chapter. Because once you have a clearly identifiable goal and a solid deadline for when you will achieve it, a simple to-do list can help you cross that finish line and achieve success.

By this point in your life, you may have some preconceived notions about what to-do lists are or are not. You may even have your own struggles with them, like constantly misplacing your lists or finding that you're so disorganized, even your to-do lists have backup to-do lists. But the truth is, to-do lists don't have to be complicated at all! In fact, they just might save your life. That's because lists that are organized by order of priority help you avoid that sense of directionlessness and engaging in reactive behavior. Reactive behavior is exactly what it sounds like-- it's the moment where you run to McDonald's on a whim in the middle of your workday because you're craving chicken nuggets or the moment where you get a worrying text from a friend and spend hours chatting back and forth as you try to sort out what's going on.

Both of these are examples of things that steal your time and distract your mind. In fact, reactive behavior is probably the number-one reason why we drift off course in the middle of a typical workday, finding ourselves frustrated and unfulfilled at the day's end. But a to-do list helps keep you on track. If you structure the items on your list according to the highest priority-- choosing to work on tomorrow's big presentation, for example, instead of drafting your Christmas card list in the middle of July-- you'll be able to concentrate on completing the things that are most important. This

will also give you a sense of accomplishment to replace that vague feeling of, “Well... I guess I answered some emails today.”

With a to-do list in place to guide each day, you'll be able to feel confident in the fact that you've made a plan and followed through with it, making good use of your time and resources. And when you reflect on the sense of pride you get from that nice little column of checked-off items on your list, you'll also be reminded that you've accomplished things before and you can do it again. So the next time your motivation flags, you can look back on your successful history of following your to-do list and find the determination to keep going.

# Perfect Pitch

Here's a pop quiz: what's the most important asset your business has? If you said your product or your investors, you're wrong! In fact, the most important part of your business is your idea and its ability to convince other people that you have something valuable to offer. And that's why you need a great marketing strategy. Because you can have the best product in the world, but it's worthless unless you're able to market it in such a way that people believe they need it. So, how do you come up with a great marketing strategy?

Well, for starters, the author recommends identifying a way that your product meets your customers' needs. No one wants to buy something they don't have a use for, after all! But don't let the emphasis on "need" fool you; that need doesn't have to be something the world needs in the same way as life-saving devices like protective gear or an airbag. It just has to be something your customers want so badly that they're convinced they can't live without it. (After all, aren't we convinced that we need our morning Starbucks to function?) So, start by thinking about what your target market needs and how you can tailor your product accordingly.

And as you brainstorm, keep in mind that curating a great marketing strategy is a learning process; sometimes you'll learn by trial and error. But that's not only okay, it's something the author actively encourages! That's because this gives you the opportunity to learn what your market does and doesn't need and shows you how to craft your product into the best version of itself. In this respect, your failures quite literally help you to grow! But once you've perfected your marketing strategy, don't forget to hire a killer sales team. Although it might be a bit scary to think about, your sales team will determine your success for better or worse, because you can have the best marketing strategy in the world and still lose money if your sales team botches the job. So, take the time and effort to invest in hiring people who are passionate about your product and about sales.

And if you're wondering what the wrong sales team looks like, it's not just people who can't make a sale to save their lives-- it's also the slick salesmen who only care about making a buck or who will attempt to strongarm your customers into buying. Both of these strategies are counterintuitive and they'll only end up hurting your business in the long run. But if your sales team is willing to take their time and invest in building a prospective client's trust, chances are, you'll acquire a customer for life. To formulate a successful sales strategy, the author recommends putting yourself in the customer's shoes. What do you like when you're the one making a purchase? Do you want to be treated with respect? Do you want to feel valued? Do you like to know you're purchasing a product that will be of use to you for a long time to come? If that's how you feel, then that should be your standard for customer care.

# Run a Debt-Free Startup

Your new startup is like your baby; you want to give it the best of everything. But sometimes, you can't afford the best right away, so it's tempting to borrow a little bit here and there or enter into relationships with investors in the hopes that that startup capital will help you get your business off the ground. You can tell yourself a lot of things to justify it, too-- like saying that your business will soon make so much, you'll be able to pay the loan back in no time or that it's no big deal. But both of those ideas are wrong. In fact, starting off with debt puts your company on tenuous footing from the get-go.

Rather than launching from a secure foundation, debt starts your baby out in a sinking ship. And instead of having the freedom to soar, debt introduces the pressure to avoid going under. It also restricts your cash flow early on, which means that instead of enjoying your newly acquired profits, you're now under pressure to start paying off debt in addition to the multiple expenses that are already part and parcel of running a startup. Faced with the pressure to pay back what you owe, you might soon find yourself struggling to pay your bills, keep your staff, or cover necessary expenses. You certainly won't have the luxury of funding upgrades that might increase your appeal, your influence, or your customers' satisfaction. And when you read these considerations in light of the fact that most startups fail because of insufficient cash flow, there's only one clear message to take away: starting off in debt is never a good idea.

That's why the author recommends that you avoid this outcome by creating an emergency fund. As you've probably already guessed, an emergency fund is exactly what it sounds like: it's a portion of money you set aside for when you need it most. How you curate your emergency fund is up to you, but one great strategy is to keep your day job. This helps you on a couple of levels because, for starters, you avoid the common temptation of quitting your day job on a whim to launch a fledgling startup with no money. This is almost always a bad idea and it's a surefire pathway to debt. So, if you can,

start planning for your new business on the side and create an emergency fund by setting aside little portions of your paycheck as you can. You can quit your job later if you're able (ideally, once your startup is an independent and viable source of income) and you can use your emergency fund to cover expenses, staff pay-checks, or the moments where you might be tempted to take out a small loan. This will ultimately help you to achieve financial stability and avoid debt.

## Final Summary

If you want to start or lead a business, you might feel torn between the decision to define yourself as an entrepreneur or a leader. However, Dave Ramsey believes that every businessman should be both, creating a new category of professional called an EntreLeader. As an EntreLeader, you can embody the successful traits of each role and learn how to lead your team effectively while also indulging the creative and ambitious side that makes a sharp entrepreneur.

You can also take advantage of Ramsey's proven strategies for business success like learning to define your goals through Management by Objective, investing in the simple power of a to-do list, staying out of debt, and crafting a great marketing strategy. If you apply each and every one of these practices in your daily life, you'll soon become a powerhouse of an EntreLeader.





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