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<http://www.fourhourworkweek.com/blog/2009/09/13/bill-gates-risk-taker/>

## **Do You Really Know Bill Gates? The Myth of Entrepreneur as Risk-Taker**

**By Tim Ferriss**

Before I had to establish my no-blurb/no-review policy for books due to volume (picture: [one day's mail](#)), I received an e-mail from Rick Smith, the founding CEO of the [World 50](#), one of the most exclusive senior executive networking companies on the planet, with members and contributors like Bono, Francis Ford Coppola, and Phil Knight...

He was interested in having me look at his new book [Leap](#), and I suggested he send it along with the understanding that I might not have the time to read it. To tell the truth, it took me a loong time to bother flipping it open, as the subtitle "How 3 Simple Changes Can Propel Your Career from Good to Great" is—in my opinion—devoid of sex appeal and misleading. It should be subtitled "How to Propel Your Life from Good to Great." "Career" is not the right word at all.

I finished the book in two sittings.

Finally, here was a book that destroyed the myth of entrepreneur as risk taker, using case studies ranging from start-ups that became Fortune 100 companies, to Live Aid and the Girl Scouts.

One of the most frustrating types of resistance I encounter when talking about lifestyle design or entrepreneurship is a general response along the lines of: "That's great for you, but I have kids and a mortgage. I'm not a risk-taker."

The fact of the matter is, most of the uber-successful entrepreneurs I know hedge their bets and place small bets while keeping one foot on secure ground. This often includes testing the waters while employed full-time, as Rick himself did before creating World 50 from nothing. Most of them never gamble in real-life, and a decent percentage don't invest in the public market (like me) because of the lack of control. Are there mavericks who lay it all on the table for the big win or cataclysmic loss? Sure. But don't believe, just because the media likes to highlight such daredevils, that they are the majority of kick-ass founders. They aren't.

Here is an excerpt from [Leap](#) that shows just how far off most perceptions of entrepreneurs are.

In this case, we start with Bill Gates.

### **Putting All the Chips on the Table?**

Growing up as I did, with an early interest in business, it was almost impossible not to envy people like Gates, and even measure myself against them. Gates had placed all his chips on the table at one time and walked away richer than Croesus. And me? Well, I'd never even sat down at the table. The way I saw it, I couldn't.

I graduated from a state university with a stack of loans to repay. No sooner had I begun to dig my way out of personal debt than I met my wife (who failed to bring her own shovel). I remember her father joking with me soon after we got engaged. "Son," he said, "I want to let you know about Lori's dowry—you get her student loans and her bad teeth!" He laughed from deep in his chest. I moaned from the same spot. Add to that three children born within five years, and I felt like I was slogging through quicksand.

If only I was in a different position, I used to think. If only I had the courage to take on more risk, like Bill Gates, like lots of others I used to list to myself. And then finally, years later, I realized that that's not how it happened at all.

William Henry Gates III was born October 28, 1955, in Seattle, Washington, to a family with a rich history in business, politics, and community service. His great-grandfather had been a state legislator and mayor, his grandfather was the vice president of a national bank, and his father was a prominent and very wealthy lawyer.

Because young Bill excelled from his earliest school days, especially in science and math, his parents saw that he was enrolled in prestigious Lakeside Prep, known for its intense academic environment. This was in the late 1960s, when the world of computing was just beginning to peek over the horizon and carried a golden price tag. But no problem. To assure Lakeside's students wouldn't be left behind, the school held a fund-raiser and, with the proceeds, rented what it thought would be a year's worth of time on a computer owned by General Electric.

Bill Gates, his close friend Paul Allen, and a few others torpedoed that plan in a big hurry. They started hanging out in the computer room day and night, learning everything they could, even to the detriment of their other academic obligations. Within a matter of weeks, the expected year's worth of allotted computer time was gone, but that was no problem either. The school simply struck a new deal, this one with Seattle-based Computer Center Corporation, to get additional computer time at good rates.

That might have worked if young Gates and his friends hadn't immediately started (a) hacking into CCC's security system so they could reset the meter that tracked computer use and (b) crashing the system just for fun. They were caught, and the company banned Gates and his cohorts from its computers for several weeks. (The thought of Gates and Allen as the godfathers of a hacking subculture that has cost Microsoft and the world overall hundreds of billions of dollars does indeed boggle the mind.) But again, the exile was only temporary.

CCC's business was beginning to suffer from the system's weak security and the frequency with which it crashed—many of the same flaws Gates and his friends had been exploiting—so the company offered the gang a deal: find the bugs and pinpoint the weaknesses in the system, and they could have unlimited use of the computer.

In 1970, Computer Center Corporation ran into financial trouble that would eventually put it out of business, but by then, Gates and Allen had found a new computer home at the University of Washington, where Allen's father worked. Lakeside also pitched in: during Gates's junior year at the prep school, the administration offered him a job computerizing the scheduling system. Over the summer, Gates and Allen wrote the program, which coincidentally assured that Gates was assigned to classes with mostly girls—a sequence straight out of a nerd's revenge movie.

In the fall of 1973, Gates left Seattle to begin his freshman year at Harvard, part of his preprogrammed life plan. Allen, who almost certainly could have been admitted to Harvard along with his pal, chose a different route. He wanted hands-on experience, but the two remained in close contact, often discussing the potential of one day starting a company, and at the end of Gates's first year at Harvard, Allen moved closer to Boston so they could continue to pursue the still-vague possibilities. Then, in December of Gates's sophomore year, the vague future began to take on a more exact face. On a visit to Harvard, Allen stopped at a convenience store and noticed the current issue of Popular Electronics magazine. On the cover, under the title "World's First Microcomputer Kit to Rival Commercial Models," was a picture of the Altair 8800. Energized as he had never been, Allen showed the magazine to Gates, and within a few days Gates had called the maker of the computer, Micro Instrumentation Telemetry Systems (MITS), and told them that he had written a BASIC computer program that could be used on the Altair.

This was a lie. Gates and Allen were just trying to gauge interest from the company. But MITS was deep in its own deception: the computer shown on the cover had not been developed yet, and even the prototype had been lost in shipping. Still, the magazine article had generated interest far exceeding expectations, so MITS asked Gates and Allen to come in and demonstrate what they were thinking. Only then did the two set out to write the code. Gates focused on programming while Allen worked on simulating how it would work on an Altair 8800, which they didn't have.

At the meeting eight weeks later, the program worked perfectly, and MITS arranged a deal to purchase the rights to Gates's BASIC. Gates would later say that it was at this moment he knew the software market had been born. Yet, despite his growing certainty of the opportunity in front of him, Bill Gates waited another 12 months, until his junior year, to drop out of school and, with Allen, form Micro-Soft. And even then, the company might have amounted to little more than a footnote in the history of software without Bill Gates's mother.

Long active in community service in the Seattle area, Mary Maxwell Gates became the first female president of the United Way of King County and eventually chair of the executive committee of the national United Way, then one of the most influential nonprofit positions in the world. Serving on the exec committee with her back in the early seventies were, among others, John Akers, who would later become the CEO and chairman of International Business Machines (IBM), and John Opel, who preceded Akers in both positions.

Mary Gates mentioned her son's new business to Opel, who by many accounts then relayed this information to other top IBM executives. There's no definitive record of what got said when to whom, but only a few weeks after Mary Gates got

the ball rolling, IBM took a huge chance by contracting with Bill Gates's fledgling company to develop an operating system for the company's first personal computer. The success of both the IBM PC and the Microsoft Disc Operating System (or MS-DOS)—and the sweetheart deal that let Microsoft retain rights to its software—is what ultimately made Bill Gates the richest man on the planet.

### **Experience, Not Faith**

So, did Bill Gates walk away from one of the world's most coveted degrees toward an uncertain path? Well, he did ultimately make decisions from which there would be no turning back. That part of the myth is dead on. But was Gates a great risk taker? That's a more complicated story.

His family's money and position provided cover for his youthful computing hijinks and helped assure that he would have the best education available. As for the famous Harvard dropout story, he didn't really. Rather, he took a formal "leave of absence," a kind of emotional umbilical cord that kept him tied to Harvard long after he had vacated the campus, just in case things didn't work out. But by then, he had already turned the odds in his favor. After half a decade of dancing with the opportunity, beginning early in high school, he had already covered most of his downside risks. He knew, for example, that he loved the work, and the early Micro-Soft had projects in the pipeline.

What's more, Gates had validation that both he and Allen were highly competent with this new technology, and he could see that the topside potential was huge. The industry was just emerging, and his mother was in the particularly influential position of head of a United Way executive committee that also included two future CEOs of the world's dominant computer company. As they say, it's often not what you know but who your mother knows that can land you billion-dollar contracts.

Far from being one of the world's great risk takers, Bill Gates might more accurately be thought of as one of the world's greatest risk mitigators. And in that, he is not alone. The simple fact is that everyone is afraid of risk at some level, including everyone I interviewed for this book. That's a given of human nature. But the further fact is that Door No. 3 is a myth, whether we're talking about the myth of Bill Gates or the myths that we privately tell ourselves.

You don't have to be fearless to make dramatic changes in your life. Transformative change isn't propelled by raw courage. It's "sparked" by a series of events that build exposure and experience, both of which help to create asymmetric risk. Through sparking, the upside opportunity is confirmed while downside risk is mitigated. Ultimately, the leap—when it comes—is not one of faith but of experience, even of comfort, just as it was for Gates.

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Interested in more behind-the-scenes stories? Check out [Leap](#). It can be read in two quick sittings and will get you off your ass to do whatever it is that you aspire to do.