“Entrepreneurship will not flourish in an environment in which people think it is better to do nothing than it is to dare greatly and to fail even once.”

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I believe that globalization and entrepreneurship are opposite sides of the same coin. In today’s world, to be an entrepreneur is to think globally. If you are an entrepreneur, you seek out opportunity wherever it exists, at home or abroad, and you are in the habit of looking beyond the boundaries of existing business relationships.

I am impressed by the fact that people from more than 185 countries are living and working in the UAE. There are few if any places in the world with a more cosmopolitan mix of people. I am further impressed by the fact that trade accounts for more than 16 percent of GDP — compared to 14.5 percent for Singapore. In talking to people here, including Sheikh Nahayan Mabarak Al Nahayan, I feel the same excitement—the same rush of adrenaline—that is present in entrepreneurial communities everywhere, whether in the US, Asia, greater Europe, or other parts of the world.

Sheikh Nahayan has asked me to speak on the role of entrepreneurship in driving economic growth. I learned about entrepreneurship, literally, at my father’s knees. My father started his own business — a design/build engineering firm which he later sold to a large company in upstate New York. Growing up, I could see the satisfaction and thrill of building a business of your own.

When I went to business school in the US back in the mid Sixties, my fellow students and I were groomed for executive roles at giant corporations. Back then, there were no courses on entrepreneurship.
Influenced by my father, I was one of the few graduates of my business school who opted to join a fast-growing company that was not yet a giant, headquartered in what came to be known as Silicon Valley. I joined Hewlett-Packard.

Let’s begin with the question of what is an entrepreneur, and why this type of person is so important to the overall functioning of the larger economy. The word entrepreneur comes from the French entreprendre, which means “to undertake,” or to set out on a new mission or venture. In a business sense, an entrepreneur is someone who starts a business, or who reinvents or revolutionizes an existing business. The entrepreneur launches new products, opens new markets, discovers new forms of organization, or acts in other ways to change the status quo.

All of that accounts for a crucial difference between entrepreneurship and established businesses that follow the same model from year to year. That is: instead of pursuing gradual or incremental growth, entrepreneurs home in on the possibility of high-powered growth and wealth creation. They assume above-average risks in the hope and expectation of outsized returns. And that, as I see it, is why the work of this conference — and the work of the Higher Colleges of Technology that you have established here in the United Arab Emirates — are so very, very important . . . not just to the future of the UAE, but to the future of this whole region and the world.

As we all know, the nations of the Middle East constitute one of the fastest-growing regions in the world — with a population that is expected to double between now and 2050. Rapid growth in population raises the bar on the economic growth that is needed to maintain and improve living standards. Average or below-average growth in GDP can only mean falling living standards and the impoverishment of more and more people. Therefore, I believe, this part of the world desperately needs the kind of high-powered economic growth that comes, and can only come, from developing
a highly entrepreneurial culture — one that favors a high number of business startups and a dynamic, vibrant, competitive economy.

I saw a recent article that posed the question: “Can Jordan become the next Dubai?” That’s a great question. The answer — not just for Jordan, but for other countries in this region as well — is “Yes!” Entrepreneurship can be taught — in schools and at seminars and conferences like this one — and, even more than that, it can be learned . . . through imitation and observation of a few key principles.

We have seen it happen time and again. Successful entrepreneurs in one place act as an inspiration to others in another place. Singapore inspired Malaysia and Thailand, and it has inspired people here in the UAE as well. In the same way, Hong Kong and Taiwan inspired Shanghai and Guangzhou, and those cities, in turn, have inspired other cities in mainland China.

Entrepreneurship is not limited to startups. Over the past couple of decades, it has become an increasingly pervasive part of the entire business culture in the United States. Not only is it now taught in business schools around the country, but — speaking as the chairman of Boeing — I can tell you that Boeing (and every other big, successful U.S. company) is doing everything it can to stimulate innovation, creativity and entrepreneurship within its ranks. As Jack Welch at GE put it, “What we are trying relentlessly to do is to get that small-company speed — and that small-company soul — inside our large-company body.”

So what are the key requirements for building an entrepreneurial culture? To my way of thinking, as someone who spent most of his career in Silicon Valley, there are four elements that stand out.

Number One: You need a lot of bright and highly educated people, and you need the great colleges and universities that produce such people. More than that, however, you need a close and mutually nurturing relationship between technologically-minded entrepreneurs and people in academia who are interested in
doing new things. Bill Hewlett and David Packard, the founders of Hewlett-Packard, credited a favorite Stanford professor — Frederick Terman — with encouraging them to set up their own company. Terman suggested that the idea Bill Hewlett was working on for his masters thesis could become their first commercial product. And so it transpired. Walt Disney Studios purchased their first product — the audio oscillator — and used it in making the Fantasia soundtrack. The two founders of HP and their family foundations donated close to $400 million to Stanford, including a grant that built a substantial portion of the science and engineering wing of the university. And, through the years, Stanford has continued to produce engineers and scientists who have contributed greatly to the ongoing success of HP and other Silicon Valley firms.

Number Two: You need a source of money that is both patient and daring. You need investors who are prepared to go for broke — accepting little or nothing in the short-term . . . and looking for very large potential returns in the long term. Silicon Valley has been blessed with a real concentration of venture capital firms, individuals and funds willing to put money at risk in this way.

Number Three: You need an environment in which people celebrate success with all their heart, and yet are perfectly willing to accept failure — resolving not to quit, but to try, try again. That’s what the Wright brothers did in mastering human, powered flight. They failed many times — before they finally succeeded. However, there are some countries where it is considered shameful to fail. That is an attitude that stifles real initiative. Entrepreneurship will not flourish in an environment in which people think it is better to do nothing than it is to dare greatly and to fail even once.

Again, I go back to the idea that entrepreneurs must be willing to accept a high degree of risk and uncertainty in reaching out for more than just incremental gains. As J. R. Simplot, a great entrepreneur, once said, “If you wait till all the information is in, the opportunity is always gone.” Simplot invented the frozen french fry — and built
a huge business out of supplying vast quantities of that one product to McDonalds and other fast-food chains.

All the great entrepreneurs that I have known personally — including Steven Jobs, Bill Gates and Andrew Grove — have experienced and worked through failure any number of times through the course of their careers.

So have I. Starting out in the medical products group at HP, I was involved in a number of products that consumed large amounts of time, effort and money — but never saw the light of day. One of these projects was a novel approach to anesthesiology — using electrical impulses rather than drugs to put the patient into a deep and painless sleep. Potentially, this technique (which continues to elicit considerable interest in scientific circles) could save thousands of lives and billions of dollars. However, after years of trying and failing to perfect the technique, we abandoned the project. Nevertheless, the project was deemed worthy of the effort by HP’s leadership, and the lack of results didn’t derail or kill my career. Indeed, I went on to become CEO.

And that brings me to my final point.

**Number Two:** To develop an entrepreneurial culture, either within companies or within countries, requires strong support from the top. Inside companies, the top people must be willing to accept and, indeed, expect failure. Bill Hewlett and Dave Packard provided that kind of supportive environment at HP, and, I would like to think that I did too during my own tenure as CEO. We developed a company culture in which there was no shame in failure.

At Boeing as well, we have developed many ways of stimulating entrepreneurship and accommodating the inevitable setback. That includes providing money to people with bright ideas to set up their own businesses within Boeing, or even outside Boeing.

There are many things that creative government leaders can do to encourage the development of entrepreneurship within their borders. They go beyond a favorable tax regime and regulatory
framework and the provision of first-rate infrastructure — important as all of those factors are. Let me cite an example that came to my attention through an article in the Wall Street Journal. It appeared just after the recent Academy Awards-dominated by “Lord of the Rings,” which won a total 11 Oscars, including Best Picture and Best Direction.

“Lord of the Rings,” as you may know, was made in New Zealand. So too was “Whale Rider” — another Oscar nominee — along with parts of “Master and Commander” — nominated in several categories and a winner in two. How in the world did New Zealand come to outdo Hollywood at its own game?

The article in the Journal — by Ruth Harley, the CEO of the New Zealand Film Commission-explained it very well. She listed “seven keys to Kiwi Power” in the film industry. In reading them, I was struck by the thought that they were very much like the points that I was preparing to make about entrepreneurship and its role in stimulating greater economic growth. Her seven keys were: “the courage to accept a high level of commercial and critical failure”; “money, provided as investment, not grants”; “creative freedom”; strong “identity”; “entrepreneurial spirit”; “thinking globally,” and “backing from the top.”

On that last point, Ms. Harley described the extraordinary commitment of New Zealand’s Prime Minister to the development of an independent film industry as an ongoing source of job-producing, wealth-creating business ventures.

Upon becoming Prime Minister in 1999, Helen Clark took on the additional portfolio of Minister for Arts, Culture and Heritage, and took personal charge of putting the film industry at the center of the government’s attention. The prestige and glamor of the film industry make it a good focal point in encouraging people to take risks and to dare greatly. In other ways as well, government leaders in New Zealand have gone out of their way to encourage the development of an entrepreneurial culture. In fact, in a survey of
more than 40 countries supported by the London Business School, New Zealand has topped the list as the most entrepreneurial country for the last three years running.

To my way of thinking, the film industry has been to New Zealand what Singapore Airlines has been to Singapore, and what Emirates Airlines has become to the UAE. All three are outstanding global success stories and badges of national excellence.

In 2002, Skytrax, the world’s largest independent airline passenger survey, named Emirates “Airline of the Year” for the second consecutive year. That is a tremendous honor. The great and growing prestige of Emirates is one of the reasons why we, at Boeing, are highly focused on your airline as a potential customer for the Boeing 7E7 Dreamliner. We think that our super-efficient and highly comfortable new airliner is perfectly suited to opening new nonstop air service between the UAE and dozens of other destinations around the world. Emirates and the 7E7 Dreamliner — we think — are a win/win combination.

So I am very impressed by everything I have seen and learned about Dubai and the UAE. It seems to me that you are doing all of the things that are needed to create a true entrepreneurial culture, beginning with the establishment of the Higher Colleges of Technology and the linkage between these colleges, the local business community and leading institutions from around the world. That is what worked so well in Silicon Valley and along Route 128 in the Boston area — and it can and will work here. With Sheikh Nahayan’s agreement, I am proud to announce an internship program that will bring HCT students and graduates to work at our facilities in the United States and elsewhere. So Boeing is now a part of HCT’s growing global network.

I mentioned a source of money as a second critical component in supporting entrepreneurial activity. There certainly seems to be no shortage of that here in Dubai — and in a variety of forms, which now include a vibrant and growing stock exchange.
Even though it is my first trip here, speaking as someone who grew up around entrepreneurs, it is easy to recognize the spirit of entrepreneurship as one of the things that lights up this vibrant community and makes it a star for others to follow. Dubai is a place where business men — and women — may dare greatly, and pick themselves up after a setback. Sheikh Mohammed — and his legendary father, Sheikh Rashid — have provided outstanding leadership in setting the tone and creating the environment that has made that possible.

It is my hope (and belief) that the growing success of entrepreneurs in Dubai and the UAE will act as inspiration for others around the Middle East. There is great work to be done in this part of the world. It will take entrepreneurs — and lots of them — to get it done. We at Boeing look forward to working with you and your people at multiple levels and in multiple ways that lead to mutual value creation.