

4 Types of Luck in Business and how to create it.



Luck is a powerful force in human psychology, a great roulette wheel spinning in the sky that doles out fortune and disaster in equal measures and without reason. Luck has been one of the most influential and mysterious forces across time and culture, prompting humans to turn to divination and fortune telling, offerings and talismans.

Luck is a critical force for founders especially, and it plays a role in each of our journeys. In his book *The Four Kinds of Luck: How To Make A Habit Of Getting Lucky*, neurologist and philosopher Dr. James Austin examines the concept of luck. While entrepreneurs like Marc Andreessen have further developed this topic with an eye toward business and entrepreneurship, **I'll discuss these four kids of luck through my own frame of reference across the founder's journey here.**

What's interesting about the four types of luck identified by Austin is that, with one exception, they are less "random" and more like a skill that can be built – or if luck is just a roll of the dice, it seems like a set of dice that can be loaded in your favor.

1) Dumb luck

The first type of luck is the truly random, and is perhaps the one we're most familiar with—let's call it dumb luck, because that's how we know it colloquially and it is a fitting description. This is the lottery win, the bad process that leads to a good outcome, the "can't predict it and couldn't repeat it but here it is" good fortune.

But for those founders and entrepreneurs who seem able to bend the randomness of the universe to their own will and in their favor, it's rarely due to this type of luck.

2) Luck in motion

We had an expression growing up in Arkansas: “Even a blind hog finds an acorn every now and then.” But maybe that’s not fair to the hog. The second kind of luck is about finding good fortune through sheer force of effort. It’s “turning over every stone,” or “kicking up dust.” Depending on how hard-working the hog is, perhaps it’s actually this kind of luck we should credit him with. Your level of effort is always under your control. Keep grinding and you are bound to turn up a “lucky” break eventually.

I think this is an especially valuable tool for us early in our careers. For this kind of luck, there is no particular expertise or benefit to experience, **it rewards raw effort and the willingness to keep banging your head against the wall.** I also like this one because it’s very democratic – anyone who is willing to put in the effort can be this kind of “lucky” and will be, over time. The downside to this method of course is that it’s super inefficient.

3) Luck in preparation

Which brings us to the third kind of luck. It’s the luck of judgment—the ability, built over time, to recognize opportunities and put yourself in position to capitalize on them. When you’ve honed the perception to spot these chances and the skill to position yourself to benefit, your repeated good fortune can look very much to the outside observer like luck.

The clearest evidence to the contrary is that the same individuals seem to find themselves the beneficiaries of such “lucky breaks” over and over throughout their lives. Some people are naturally gifted in this perception; for the rest of us, **it’s the product of experience plus thoughtful reflection on lessons learned**— “pattern recognition” as VCs are fond of calling it.

Accessing luck of this kind is orders of magnitude more powerful than the effort-based luck because it creates leverage; that is, your inputs become disconnected from your outputs, and you can get the 1000x outcomes that are impossible from increased effort alone. Think about an expert stock picker who can exponentially increase her AUM from the thousands to the billions vs. a skilled manual laborer who can at most be 2x or even 10x as productive as the competition. Judgment simply scales in a way that effort cannot.

4) Luck unique to you

The final form of luck is the most elusive and the hardest won. It is about becoming a person good luck falls upon precisely because of “who” you are, the product of a lifetime spent becoming the kind of person good luck is attracted to. Think about building a body of work over a career that makes you a world renowned expert in your field, and the opportunities that then must seem to fall into your lap.

This luck is about reputation and integrity as well. A popular example is Warren Buffett, who benefits from having incredible business opportunities come directly to him because he is, well, Warren Buffett. Of course, each of these home run deals further bolster his legacy and reputation, feeding the virtuous cycle.

For me, this one is inspirational and aspirational; it speaks to doing business the right way over a long period of time and creating a track record of evidence that you are who you claim to be. It is about building authenticity in both business and life and attracting in the universe the thing that you have established yourself to be. Winners win, as a pro basketball player friend of mine said (unfortunately, the inverse corollary is also true). Doing good and being good over a long period of time will make you the kind of person good things happen to.

If you’ve worked hard to build a business deserving of a “lucky” exit, talk to ScaleView Partners for guidance on your next step.

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