

Entrepreneurs within enterprises

The new management style is to do things in an entrepreneurial way

The preferred managerial mindset for the next decade is “entrepreneurial”. Entrepreneurial behaviour of innovatively using resources to pursue opportunities is vital for all sizes and types of organisations.

It is no surprise then that over the last decade many large hierarchical organisations operating in stable and mature markets have established a strategic long-term orientation based on entrepreneurial initiative. Entrepreneurship in these companies is not restricted to grand entrepreneurship, aimed at new venture creation or new product development but day-to-day entrepreneurship — veritably, a new management style aimed at “doing things in an entrepreneurial way”.

Entrepreneurial approaches within established organisations are not a new phenomenon. Even large hierarchical organisations have been encouraging entrepreneurial behaviour for decades. In general, innovative and entrepreneurial projects in these organisations remained relatively isolated, that is, carried out predominantly in specialised new venture or new product development divisions.

As a result, entrepreneurial and traditional management styles were often considered mutually exclusive and incompatible. But, today, an increasing number of large corporations actively seek a management model that integrates entrepreneurial and traditional management methods.

Companies in India are increasingly encouraging and cultivating mini-entrepreneurs within the organisation. There is emerging a trend of companies looking for the entrepreneurial skillset at the time of recruiting. We, at Athena Executive Search & Consulting, strongly encourage our team to be entrepreneurial in approach. When hiring, we look for disruptive and strategic thinkers. For a retained search and consulting firm, it is important that we constantly innovate our search approach in finding the right talent and link it to our business strategy. For instance, one of our Research Associates came up with the bright idea of doing a “CEO of the Day”. With the management’s blessings, one person from the team performed the tasks of the CEO — that is, formulate new strategies, perform a team building activity, mentor/coach colleagues and so on. It was very encouraging not only for the employee who thought of the idea but also for others to think up new such ideas. Companies should adopt the four steps below, when setting up a team with an entrepreneurial spirit.

Hire right

No matter the size of the company, it must hire the right people. For large companies, this means instituting a key set of guidelines into the HR process. In a small company, the CEO can meet every potential new hire and determine whether or not the individual has what it takes to be entrepreneurial.

In a big firm, that’s not possible, so there must be a process to identify that temper. Hiring people who think like entrepreneurs is the first step to having an entrepreneurial spirit become part of your corporate culture. It is important, however, to create an enabling environment for staff creativity to blossom. Creative people often find themselves banging against an entrenched command-and-control system. A large part of fostering independent thinking in a big firm is laying the groundwork and creating a system where creative people will be happy and rewarded for their efforts.

Give it time, but not forever

A large company did not get big overnight. Nor do processes and systems develop in short time spans. Ergo, injection of entrepreneurial behaviour into a large firm would not be an overnight process. It is a cultural change, and as a result it may take time to achieve. Expect the status quo to resist change. At first, the ideas you have and the beliefs held by your staff may diverge, and it will take time for everyone to come on the same page.

But, that said, a project should not be given unlimited time. A time frame for implementing new processes is critical to motivate everyone to work towards it. The changes need to be linked to short-term goals so they can be viewed as critical and “must do now” projects. Otherwise, your plans for fostering entrepreneurialism may be pushed to the back burner success.

Incorporate entrepreneurial skills into training programme. While hiring new people with the desired mindset is the key, it is also important not to leave your existing employees behind. Some may not be able to make the leap to the new way of thinking, but staffers can, and will, learn to function entrepreneurially when trained to do so.

Training is more than just asking for the behaviour. It requires you, as the facilitator, to set up an 'educational system' and enrol your staff in it. If you want different behaviours, you must be willing to provide the necessary training and education so that your employees pick the skills to make that happen. Remember to train your managers too.

Consider your reward system

A big firm must find its own reward solution so that managers are motivating employees instead of just telling them what to do. Compensation is an obvious way to reward workers for behaving the way you want. But it is not the only way. For instance, publicly recognising good entrepreneurial ideas and behaviour can make a significant difference to an employee's mindset. Managers must step up and positively accept new ideas so that everyone appreciates the notion of change.

Communicate like an entrepreneur

Big companies often lapse into an information-hoarding mode, that is, a strict "need to know" basis, which can leave employees operating in a vacuum. This dampens the innovative and entrepreneurial spirit. Why would anyone want to take a risk in such an environment? Big companies can work around this by communicating openly as small entrepreneurial firms do. But to make it work requires a commitment from the top to this type of open communication.

Johnson & Johnson is one company that fosters communication across its divisions — no small task since the company is made up of more than 200 operating companies across three business sectors. Johnson & Johnson set up its own internet so that its scientists could go online and see what others in the company are working on, and communicate with one another. It encourages collaboration between specialties. For example, a team from the pharmaceuticals division collaborated with engineers from its medical devices unit to create a product that delivered medicine to patients with cardiovascular disease via a stent. Encouraging employees to communicate across boundaries creates an environment in which innovation and entrepreneurial spirit are fostered.

The Global Agenda Council on Fostering Entrepreneurship of the World Economic Forum aims to help governments, investors, incubators, research and educational institutions, corporations and entrepreneurs themselves to find the path towards effective growth and useful innovation by highlighting the value of entrepreneurial ventures and by using its influence to highlight best practices and resources for supporting them. In 2013, the Council co-launched www.globalentrepreneurshiplibrary.org — an entrepreneurship content platform created curated by trusted sources and promoted globally. This website, by and for entrepreneurs and their stakeholders, offers advice, links to relevant organisations and pertinent educational resources in different languages from around the world.

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