

UNIT III: LEADERSHIP AND ENTREPRENEURSH IP



The quality of leadership, more than any other single factor, determines the success or failure of an organization.

-Fiedler & Chemers

UNIT III: Relevant Leadership Theories & Principles

Leadership

⇒ **Leadership:** a special case of interpersonal influence that gets an individual or group to do what the leader wants done

-**Formal Leadership:** process of exercising influence from a position of formal authority in an organization

-**Informal Leadership:** process of exercising influence through special skills or resources that meet the need of other persons

Situational Factors Influencing Leadership Effectiveness

- the nature of societal culture (e.g., tolerance for ambiguity)
- the nature of the corporate culture (e.g., normative leadership style)
- the stage of the organization's life cycle (e.g., growth versus stable)
- the nature of the organizational structure (e.g., shamrock organizations)
- the nature of the task (e.g., task ambiguity)
- the nature of the formal control system (e.g., formalization of rules)
- the nature of the subordinates (e.g., professional maturity and need)

Entrepreneurial Leadership in the 21st Century Current Challenges¹

The significant problems we face cannot be solved at the same level of thinking we were at when we created them.

Albert Einstein

Leaders of today's corporations must cope with a unique set of challenges. Technological, social, and economic forces compel leaders to address these issues in order to stay ahead of the competition. Some of these challenges include:

- Globalization of business leading to:
 - cross cultural competency requirements
 - greater demands of travel
- Geographic shifts in economic power
- Growth of strategic alliances
- An accelerating avalanche of information and democratization of access to information
- Daily innovations in technology
- Changing demographics and a changing workforce
- Changing expectations of a more educated workforce
- Flattening of organizations, increased workloads and expanding skill requirements

¹ Adapted from: www.bcf.usc.edu

The Ten Commitments of Leadership (Kouzes & Posner)

1. Search out challenging opportunities to change, grow, innovate and improve
 - Treat every job as an adventure
 - Treat every new assignment as a start-over, even if it isn't
 - Question the status quo
 - Send people shopping for ideas
 - Put idea gathering on your own agenda
 - Go out and find something that needs fixing
 - Assign people to the opportunities
 - Renew your teams
 - Add adventure and fun to everyone's work
 - Take a class; learn a new skill

2. Experiment, take risks, and learn from the accompanying mistakes
 - Set up little experiments
 - Make it safe for others to experiment
 - Work with ideas that sound strange initially
 - Honor your risk takers
 - Debrief every failure as well as every success
 - Model risk taking
 - Encourage possibility thinking
 - Maximize opportunities for choice

3. Envision an uplifting and ennobling future
 - Think first about your past
 - Determine what you want
 - Write an article about how you've made a difference
 - Write a short vision statement
 - Act on your intuition

- Test your assumptions
 - Become a futurist
 - Rehearse with visualizations and affirmations
4. Enlist others in a common vision by appealing to their values, interests, hopes and dreams
- Identify your followers
 - Find the common ground
 - Develop your interpersonal competence
 - Breathe life into your vision
 - Speak positively
 - Speak from the heart
 - Make the intangible tangible
 - Listen first- and often
5. Foster collaboration by promoting cooperative goals and building trust
- Always say we
 - Increase interactions
 - Focus on gains, not losses
 - Make a list of alternative currencies (tangible and intangible resources)
 - Form planning and problem-solving partnerships
 - Assess how well the organization works together
 - Go first (show others that you trust them with important information about yourself, open up, and admit mistakes)
6. Strengthen people by giving power away, providing choice, developing competence, assigning critical tasks, and offering visible support
- Enlarge people's sphere of influence- assign non-routine jobs, let the employees show responsibility and leadership
 - Make sure delegated tasks are relevant
 - Educate, educate, educate
 - Make connections, form strategic relationships
 - Make heroes of other people

7. Set the example by behaving in ways that are consistent with shared values
 - Take a look in the mirror (self knowledge)
 - Write your leadership credo including your personal values
 - Open a dialogue about personal and shared values
 - Trade places with co-workers
 - Be dramatic- go out of your way to get your point across

8. Achieve small wins that promote consistent progress and build commitment
 - Take it personally
 - Make a plan

9. Recognize individual contributions to the success of every project
 - Be creative about rewards and recognition and give them personally
 - Make recognition public
 - Provide feedback en route
 - Find people who are doing things right

10. Celebrate team accomplishments regularly
 - Be a cheerleader
 - Have fun
 - Determine your social network and bolster it
 - Stay in love with your job

--Kouzes and Posner

Tips for Effective Leadership

The following tips, while not always easy to follow, will help student leaders become more effective at managing and leading organizations:

1. **Be open-minded.** Include your members' ideas, thoughts, and opinions in the planning of projects whenever possible.
2. **Be accessible.** A good leader is never too busy to spend "quality time" with someone. The time you set aside to listen to a problem or cheer someone on – or up – is always a good investment.
3. **Match your members' duties to their abilities.** Students can only do a good job if their abilities and circumstances enable them to.
4. **Stress teamwork.** Make it clear that while each student has value, he or she is of greater value to the *team*.
5. **Think of conflict as a useful tool.** When you encourage people to think for themselves, you're bound to have some clashes. Intelligent debate, however, keeps fresh ideas coming.
6. **Delegate when necessary.** Ask yourself these questions everyday: Do all these tasks need my personal attention? Can anyone handle some of them? If not, can you train someone? It's usually worth the effort.
7. **Criticize sparingly, praise lavishly.** Recognize what people do right and they'll do more of it. Criticize people unnecessarily and they'll lose their confidence, initiative and drive.
8. **Don't be a know-it-all.** Admit when you don't know something and ask for help.
9. **Don't meddle.** Once you've handed out an assignment, back off. People won't improve if you're constantly looking over their shoulder.

- 10. Share the credit, never the blame.** If something goes wrong, you're responsible – even if one of your colleagues is at fault. On the other hand, never solely accept the credit for the success of your organization – even if you deserve it. It's a recipe for alienation.
- 11. Be realistic about your expectations of others as well as yourself.** Aim for excellence, but don't expect perfection.
- 12. Keep your perspective.** If you act as though every small crisis is a matter of life or death, people will tune you out when a truly important matter comes along.
- 13. Maintain your sense of humor.** Leaders who can see the ridiculous in almost any situation – and in themselves – usually have cheerful, productive people working for them.
- 14. Stick to the Golden Rule.** Ask yourself, "What is the fair and kind thing to do about this? How would I want to be treated in this situation?"

The Three Pillars of Leadership

Entrepreneurial leaders can fall under these three leadership styles:

Visionary Evangelist

Persuades employees to work toward his/her vision of the future. Creates, sells, and drives the strategy of the organization. Serves as the spokesperson for the organization and demonstrates confidence in its potential for success. Takes charge, pushes for action and instills a sense of urgency to achieve the organization's goals.

Team and Consensus Builder

Develops teamwork, commitment, alignment and employee motivation by involving, empowering and creating a positive work environment. Develops loyalty by investing in building relationships with others and by showing interest in employees needs, growth and career development. Is open to their ideas and willing to share power.

Manager of Execution

Provides organization, focus and clarity of direction to employees. Good administrator. Structured, disciplined, and skilled at setting short term targets and goals. Good at setting priorities and meeting commitments. Sets up systems and processes. Worries about the details. Monitors results versus plans and provides the rigor and control necessary to stay on course and correct for deviations from the plan. Gets results.

To lead people, walk beside them ...

As for the best leaders, the people do not notice their existence.

The next best, the people honor and praise.

The next, the people fear;

and the next, the people hate ...

When the best leader's work is done the people say,

"We did it ourselves!"

Lao-tsu

Visionary Evangelist

- Very bright - get to core issues quickly
- Creative and visionary yet realistic and savvy
- Inspirational motivators
- Open to new ideas - will seek others advice before making a decision
- Learn from mistakes & failures
- Willing to take risks but also like to have a plan
- Make firm, clear cut decisions
- High level of drive & desire to achieve excellence
- Confident but understand their limits
- Enthusiastic & passionate - love their work & their product
- Can sell ideas, influence & negotiate
- Make good first impression
- Enjoy positions of influence

Team and Consensus Builder

- Develop loyalty by showing interest, talking to people & investing in relationships
- Sociable, friendly, warm, supportive & approachable
- Read people & situations accurately - diplomatic, tactful & astute
- Persuasive - know how to influence and win others over to their side
- Put group interest ahead of self-interest
- Liberal with praise & encouragement
- Balance emphasis on people & results
- Trusted & credible - strong values, high integrity, conscientious
- Open & forthright - no hidden agendas
- Teambuilder - emphasize cooperation & alignment
- Empowering style

Manager of Execution

- Model hard work but not workaholic
- Succeed through steadiness and determination
- Disciplined & focused--clear goals & priorities
- Keep it simple
- Avoid perfectionism
- Keep others informed
- Prefer to set a course and stick with it but willing to be flexible
- Feel bound to meet commitments

UNIT III Section 2

Visionary Leadership

Definition- Kathryn Whitaker and Monte Moses (1994) define vision as, "an inspiring declaration of a compelling dream, accompanied by a clear scenario of how it will be accomplished".

Creating a Vision

When you begin the process of strategic planning, visioning comes first. When visioning the change, ask yourself, "What is our preferred future?" and be sure to:

- Draw on the beliefs, mission, and environment of the organization.
- Describe what you want to see in the future.
- Be specific to each organization.
- Be positive and inspiring.
- Do not assume that the system will have the same framework as it does today.
- Be open to dramatic modifications to current organization, methodology, teaching techniques, facilities, etc.

How to develop a vision (Marshall Sashkin)

- Think of the ideal image of the organization and its culture
- Look toward the future- have long term goals- the best visions result from an evolutionary process
- Talk about what you want so that the message being portrayed from the vision is clearly understood by all parties:

1. EXPRESS your commitment to the vision
2. EXPLAIN the vision to others
3. EXTEND the vision-variety of activities so that the vision can be implemented in several ways and places
4. EXPAND the vision- apply in many different ways

Key Components for Your Vision

Incorporate Your Beliefs

Your vision must be encompassed by your beliefs.

- Your beliefs must meet your organizational goals as well as community goals.
- Your beliefs are a statement of your values.
- Your beliefs are a public/visible declaration of your expected outcomes.
- Your beliefs must be precise and practical.
- Your beliefs will guide the actions of all involved.
- Your beliefs reflect the knowledge, philosophy, and actions of all.
- Your beliefs are a key component of strategic planning.

Implementing the vision

1. Create an explicit philosophy and enact it by means of special policies and programs
2. Personal practices- focus others' attention on key issues, have effective communication, maintain consistent behavior, respect self and others, take calculated risks and commit to risk
3. Create an atmosphere for change

Creating tangible goals from the vision

Use your vision to create realistic and challenging goals for the future of your company. Treat your vision as a starting point for determining what your goals are.

Create a Mission Statement

Once you have clarified your beliefs, build on them to define your mission statement which is a statement of purpose and function.

- Your mission statement draws on your belief statements.
- Your mission statement must be future oriented and portray your organization as it will be, as if it already exists.
- Your mission statement must focus on one common purpose.
- Your mission statement must be specific to the organization, not generic.
- Your mission statement must be a short statement, not more than one or two sentences.

Here is an example mission statement: "By providing quality education, we empower individuals to become caring, competent, responsible citizens who value learning as a lifelong process."

Writing a mission statement

Definition- "A vision is a living, breathing definition of what the organization does, who it does it for, and how it does it" (Steckel).

Don't be afraid to dream!

ACTION + VISION = SUCCESS

Follow your inner voice.



Benefits of Visioning

The process and outcomes of visioning may seem vague and superfluous. The long-term benefits are substantial, however. Visioning:

- Breaks you out of boundary thinking.
- Provides continuity and avoids the stutter effect of planning fits and starts.
- Identifies direction and purpose.
- Alerts stakeholders to needed change.
- Promotes interest and commitment.
- Promotes laser-like focus.
- Encourages openness to unique and creative solutions.
- Encourages and builds confidence.
- Builds loyalty through involvement (ownership).
- Results in efficiency and productivity.

Vision Killers

As you engage in the visioning process, be alert to the following vision killers:

- Tradition
- Fear of ridicule
- Stereotypes of people, conditions, roles and governing councils
- Complacency of some stakeholders
- Fatigued leaders
- Short-term thinking
- "Naysayers"

Case Study: Hispanic Association on Corporate Responsibility (HACR)²

Our Mission: HACR's mission is to ensure the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions. HACR focuses on four areas of corporate economic activity and refers to them as indicators of corporate responsibility and "Market Reciprocity." They are: Employment, Procurement, Philanthropy and Governance.

In pursuit of its mission, HACR offers Corporate America access to the Hispanic community – its talents, its entrepreneurs and its leadership – creating a forum to ensure corporate responsibility and market reciprocity for the nation's Hispanic population.

Our Vision: HACR is among other organizations that are at the forefront in encouraging programs that support diversity. By providing information on the status of Hispanics in Corporate America, HACR can focus on issues relevant to Latinos and investigate solutions for the inequity that exists. With the efforts exerted by HACR, Corporate America will finally take notice of Hispanics and their financial power.

Our Values:

- Providing quality support in an equitable and non-judgmental manner
- Acting with fairness to and respect for all, recognizing human diversity

² Adapted from HACR's Webpage: www.hacr.org

Our Goals: In developing our goals we have kept clearly in mind three key elements in our environment.

- Increasing the equitable participation of the Hispanic Community in Corporate America
- Encourage programs that support multiculturalism and diversity in the workforce
- Encourage organizations to employ Hispanics, contract with Hispanic-owned businesses, support Hispanic organizations, and utilize Hispanic talent to lead its operations in roughly the same proportion that Hispanic consumers support that company.

UNIT III Section 3

Principles of Entrepreneurial Success

Principle 1: Reinventing the Vision

Successful entrepreneurs said that the entrepreneurial vision must be reinvented. They view their vision of the company as a “big picture” that guides the activities of the company and the employees. A clear vision is critical for providing direction for the entire company.

Guidelines for developing a vision:

- ❖ **Use the vision to motivate and challenge yourself and your people**

Successful entrepreneurs feel the need to be challenged, as well as the need to have a goal or a dream to strive for. Using the vision to channel energy into new and exciting directions provides a source of motivation for entrepreneurs and their employees. The vision is used to create a reason and the necessary focus to move forward and grow.
- ❖ **Imagine a vision of excellence**

Entrepreneurs distinguish themselves from those who are unable to overcome obstacles by their intense drive to create the best company possible and excel for reasons other than just personal or financial gain. They have role models and know exactly what and where they want their companies to be. Achievement of excellence in their companies is a key source of enjoyment and satisfaction, as well as motivation.
- ❖ **Change your vision to take advantage of opportunities**

Visions change as companies mature. Changing technology, competitors and various problems create new perspectives and opportunities. The successful entrepreneur’s vision is actively adjusted as necessary. Their visions started out based on what they saw as possible given where their businesses were at the time. As their businesses grew, the vision grew along with it. The continuous

shaping of their visions allows entrepreneurs to see opportunities beyond their immediate obstacles.

❖ **Let your customers and employees shape your vision**

The values and character represented by the company and the employees, as well as the standing of the company in the local community, are of concern to the entrepreneur. Therefore, they allow their concern for customers and employees shape their vision in an aesthetic sense. In turn, the response of customers and employees reinforces the entrepreneur's thinking.

❖ **Use the vision to create a common purpose**

Entrepreneurs stress the importance of communicating their visions for the company to everyone in the organization. The employees must be motivated and aligned toward a common purpose to create a successful organization. It is understood that the plans will probably be adjusted along the way, but the destination should be known by all.

Principle 2: Success with Persistent Opportunism

❖ Exploit the changes in patterns

Entrepreneurs do not pre-plan every move they make. They allow themselves room to react to opportunities that may suddenly reveal themselves. These deviations or problems within the organization are seen as potential opportunities for growth. There is a strong drive to constantly move forward. Continually seeking and exploiting opportunities is a trademark of successful entrepreneurs.

❖ Scan everything to know the patterns

Successful entrepreneurs keep on top of new trends and technologies in their current and related industries. This is the source of discovering new opportunities. They are always looking for new markets, new applications, new products, or a twist of the old concept, and then responding to the opportunities they find.

❖ Respond to opportunities in problems

Entrepreneurs do not see problems as barriers; rather, they see them as opportunities for improvements and new business. They are not deterred by temporary setbacks in their ventures. According to successful entrepreneurs, the various problems that they have, and those that their customers, competitors or suppliers face, all represent a wealth of potential opportunity waiting to be discovered. It is all a matter of perspective.

❖ Never be comfortable with where you are

Entrepreneurs proactively seek out their future. They are always looking ahead and asking "what's next?" They believe that growth will not happen if they are satisfied with the status quo. Successful entrepreneurs have certain targets in mind as their organizations grow, but they never stall out when they reach one of their goals. They prefer the challenge of continuous growth compared to a comfortable plateau.

Principle 3: Nurture the Entrepreneurial Spirit

❖ Hire people who share your values and passions

Successful entrepreneurs surround themselves with people who think like they do with respect to business philosophy and values. They are not necessarily looking for people with the same exact managerial style or personality, but rather people who live by the same basic principles. For example, the entrepreneur may seek out people who passionately believe in the same customer service philosophy or who respond to fellow employees and the community in the way the entrepreneur believes is appropriate.

❖ Allow your executives to learn wisdom

Just as entrepreneurs realize that they were not born with some mystical gift of entrepreneurship, they also know that a part of nurturing and developing their top people is letting them learn from their mistakes. Wisdom is an accumulation of experiences – good and bad. Successful entrepreneurs recognize the need to give their managers the freedom to make decisions and build their confidence. A central part of igniting people's passions and entrepreneurial drive is giving them the opportunity to make decisions and take risks. It has been proven that people put more into their work when they are doing something that they helped develop and that they believe in.

❖ Let go of your executives when the company's growth outstrips their capacity to grow

Staffing decisions are some of the more difficult ones entrepreneurs encountering obstacles have to face. Sometimes the top people and the company have grown in opposite directions – there is no longer a fit. The company may have surpassed their capacity to grow – they have reached a plateau in terms of their capabilities that re-training cannot overcome. Successful entrepreneurs recognize that they must let go of these people and move on if the company is to overcome the obstacle.

❖ **Reward your top people very well when they contribute**

Successful entrepreneurs know that they must reward their top executives for their contributions. They understand that people must be motivated to excel and then be rewarded for rising to meet the challenge. It is the quality of the decision-making process that must be emphasized and rewarded because good decision-makers are the basis for the future growth of the company. To maintain an entrepreneurial atmosphere, their top people must see personal gain and value in their efforts.

Recipe for Success

Entrepreneurs have to be willing to surround themselves with strong people to cover the three major areas of business: technical expertise, sales/marketing, and finance. When hiring individuals to join his/her venture, the entrepreneur has to energize and inspire the new hires to meet with the goals and vision of the venture.

Entrepreneurs who attract and retain talented individuals most often follow these three strategies:

- 1. Persuade new company members that they're joining a team of winners.**
- 2. Talk about the mission "all the time" with everyone in the company.**
- 3. Foster in each person the belief that the company can go as far as its combined talents will take it.**

Entrepreneurial leaders should balance their personal work style with one that values others' contributions and perspectives and allows for creativity. They must have a precise and inspiring description of what they want the future to look like, and then incorporate and value the ideas and contributions that their new hires might have into their vision. This recipe for success involves both the entrepreneur and the individuals he/she is working with, creating a more unified and shared effort in working towards the goals of the venture.

Principle 4: Unstoppable Companies through Teamwork

❖ Use the team to align people toward a common goal

The power of individuals can be levered through the use of teams. Teams are built to create a single, concerted effort, where the individuals on the team reinforce one another. Successful entrepreneurs know that interdepartmental coordination and cooperation is critical to get the entire company over an obstacle. Building effective teams means breaking the barriers of thoughts and responsibilities so that employees work together to achieve this objective.

❖ Scale the team to match the problem

Different problems require different approaches. Successful entrepreneurs recognize the need to tailor teams, their size, scope of responsibility, and their composition, to the particular situation at hand. There is no cookie-cutter special team that can address every issue a company faces as it grows. There must be flexibility and a creativeness to match the team to the problem.

❖ Cross-train for team readiness

Effective teams penetrate the organization with no regard for departmental lines. Entrepreneurs recognize the value of flexibility and extend the concept to the training of their employees by insisting on cross-training. Cross-training allows people to cover for each other, it creates readiness, instills a sense of understanding about what other people in the organization do, and it helps employees see where they fit into the bigger picture.

❖ Use teams to decrease turf wars

Conflict is a natural part of human interaction. In order to maintain maximum performance and contribution from the employees, it is necessary to deal directly with the conflict. Entrepreneurs use teams to put out interdepartmental fires and to eliminate "battle lines." Cooperation is essential for effective teamwork.

❖ **Use teams to build mutual respect - a team value**

People will not work well together if they do not respect their fellow employees. As successful entrepreneurs build teams, they build a value system along with it. Mutual respect is a critical team value. Employees learn consideration from each other by working together toward a common goal. They learn respect from how the entrepreneur treats them. Mutual respect is an attitude that must be deliberately developed to generate effective teams, and it is simultaneously a natural consequence of effective teams.

❖ **Build teams one person at a time**

Although they purposefully build teams, entrepreneurs are very aware of the fact that teams are made up of individuals with unique personalities and egos. Different people have different motivations and need different types of encouragement to perform well. Individuals who are best suited for the team's task are hand picked, and then the team is groomed to maximize every member's potential. In the process of developing the team, the entrepreneurs do not hesitate to intervene in the group dynamics to make sure that each person is contributing.

❖ **Reward team results to prove you value the team**

Entrepreneurs build and maintain unstoppable teams by rewarding the team for positive results. People need to know that their contributions are valued and that they will be duly compensated for their efforts - in the form of special recognition, wages, or some other reward. Rewards play a critical role in motivating team members to cooperate and to be fully committed to the organization's objectives.