

Entrepreneurial Leadership & Organizational Behaviour

ENT 612

Master of Entrepreneurship Program

Lecture 5



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Types of Leadership & Entrepreneurial Leadership in a Non-profit Setting



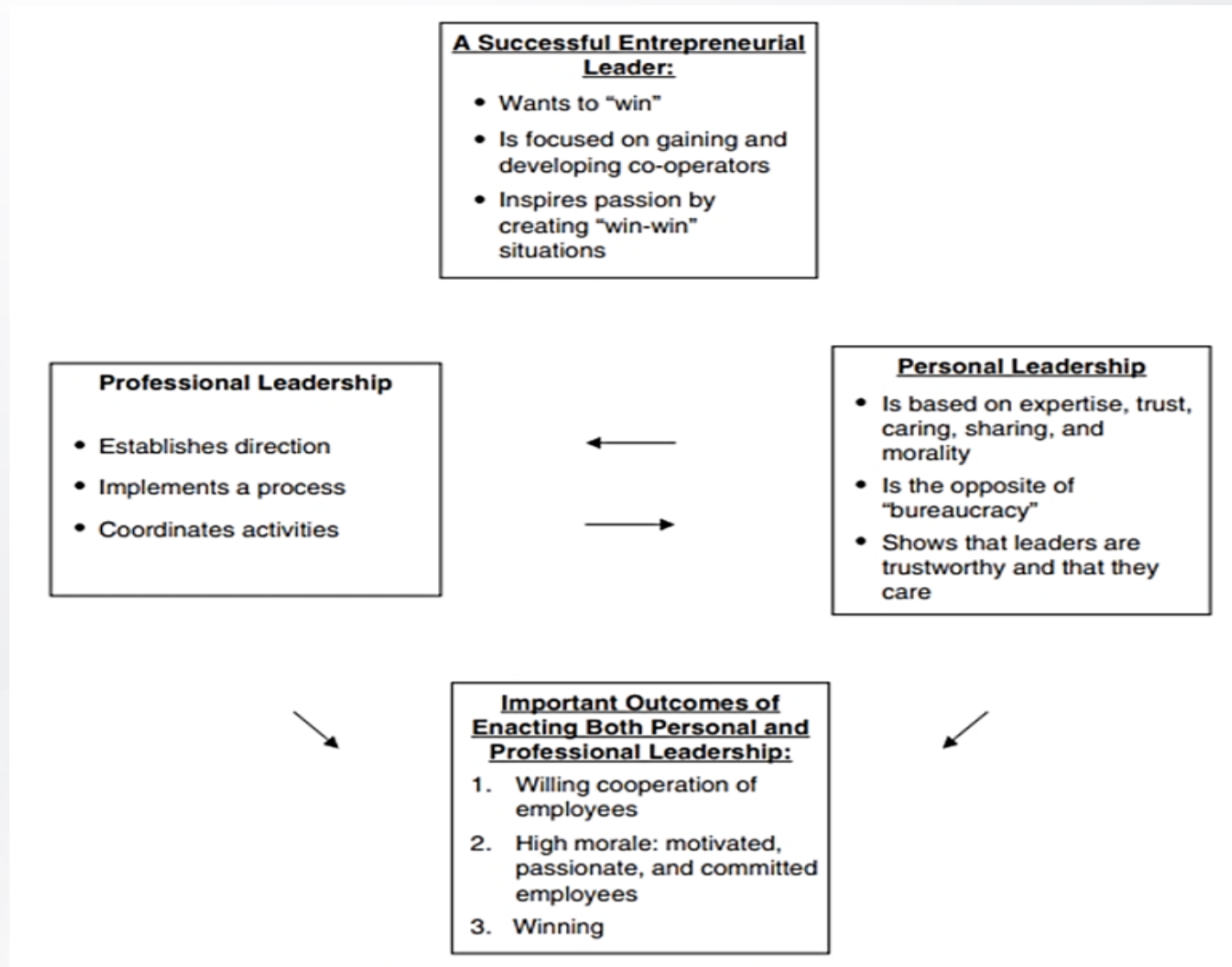
The previous lecture has covered the following topics:

- Establishing a Comparative and Competitive Advantage
- Making Your Product or Service Sustainable
- Keeping Your Product or Service Profitable
- Effective Team Building

This lecture covers the following topics:

- Successful leadership
- Professional Leadership
- Personal Leadership
- Moral Leadership
- Entrepreneurial Leadership in a Non-profit Setting
- Seven Deadly Leadership Diseases

Part 2: The enduring leadership Model.



Successful leadership

What do good leaders want? Obviously, a successful leader wants to “win.” “Winning” is easy to measure in the worlds of sports, games, and academia. However, “winning” in a business context can take many forms. It could mean improved efficiency, a greater market share, or most commonly today maximizing profits and shareholder value. In the context of quality entrepreneurial leadership, “winning” is a long-term prospect. It means creating exciting new products or services that will endure and that will become world-class. It also means, in many cases, becoming the market leader and the best company in the world in the entrepreneur’s chosen field. No matter how “winning” is measured, entrepreneurial leaders want a part of it! But can leaders “win” by themselves? Of course not! A good leader needs good people, and for those people to cooperate, and contribute their efforts. The more people a leader leads, the more he or she will depend on those people.

How to Develop Co-Operators:

it's important to remember two points about entrepreneurial leadership: **First**, leaders want to win. **Second**, leaders need the willing cooperation of employees whom we'll call "co-operators" to win. Therefore, the most important question now is, "How can leaders develop these co-operators?" We develop co-operators by being passionate and enthusiastic about our messages.

The Power of Win:

In today's world, simply being passionate about the company's purpose—its mission and vision— isn't enough. The mission and vision themselves must align to form a win-win situation for both owners and employees.

Employee engagement occurs when workers can achieve their own goals best when their efforts contribute to the success of the company. In effect, the employees win when the company wins. Entrepreneurial leaders in companies of all sizes, particularly mid-size and large ones, must ask themselves, “Will co-operators be passionate about my company if it's posting record profits at the expense of their pay?

Leaders need co-operators who will grab them by the shirt and alert them when there's a cliff ahead. In order to be effective, leaders must be dependent on co-operators at all levels of the organization co-operators who will provide constructive feedback. Engaged co-operators do more than follow they willingly contribute their efforts and thoughts. Another in-vogue phrase is "*leading from behind*." This phrase is often used to criticize leaders, when in fact leaders are working behind the scenes to obtain buy-in from critical stakeholders.

Being out front with no one to follow you or cooperate with you isn't leading: it's going it alone.

Preventing Catastrophe through Willing Cooperation

When people cooperate willingly, amazing things can happen. We saw this with our own eyes when we tried to fix a problem that had been plaguing the entire beverage industry. For far too long, the ink applied to the bottom of our cans was getting smeared. The ink spelled out a code that notified us of the time and day the can had been produced, as well as the plant the can had come from.

This smearing of the ink was especially problematic because these codes were essential for proper rotation and quality evaluations. Interestingly, we seemed to find the problem everywhere, including on major beer brewers' products, as well as on the bottom of major soft drinks. No one seemed capable of solving the problem.

Since the industry was constricting and becoming a “small industry,” number-wise, a tiny group of engineers from the equipment companies was responsible for designing all of our production lines. One of our production employees submitted a suggestion with a detailed solution to the ink problem. He proposed moving the coding machine to provide more space before reaching the packaging machine, so as to allow more drying time. When I heard about this, I asked him how long he’d had this idea. He said several years.

“Why didn’t you tell anyone?” I asked. “Because I didn’t think anyone cared. The managers never asked the production workers about it, nor did they ever listen to us.” “So, why now?” I asked.

“Well, this time I think you guys are serious, or at least it seems that way. So, I thought I’d give it a try.” His solution worked. For the most part, the other companies’ cans remained unreadable.

Professional Leadership

Creating a Common Purpose

Professional leadership encompasses the “formal” part of leadership setting the vision and mission for an organization, and creating a process for achieving the organization’s goals. Creating such a process typically means that a leader will align procedures, people, and infrastructure. It will also mean that a leader will establish a “common purpose.” Establishing a “common purpose” a reason to exist, and a collective vision of what the company strives to be is the most important and most difficult task set out for the entrepreneurial leader

Proactive Communication: Mission, Vision, and Method of Operations Statements

Establishing a common purpose starts with proactive communication. Proactive communication is the art of telling team members what's expected of them in advance, rather than reacting to their actions in a given situation.

The best way to accomplish proactive communication is by creating the following:

1. A mission statement giving your reasons for existing
2. A vision statement outlining where you'll be in five years
3. A method of operations statement explaining how the company will deal with both its external and internal customers

Creating Coordination

Coordination is the “strategic alignment” of an organization’s people, processes, and assets. This involves acquiring the necessary elements to run the organization and then bringing together the organisation’s various functions to align with its common purpose.

The best example of strategic alignment that can be provided is how to fix what is called a “quality problem.” consistently providing quality in all areas was something that struggled.

In a great many organizations, the meaning of “quality” is so rarely spelt out. So, the solution is to develop an “operational definition” of quality. The operational definition included two elements:

1. Our positioning of the product, and whether it still met our customers’ needs.
2. The consistency of our product. Were we meeting the standards that we’d first established?

Were we keeping our initial promise to our customers?

Getting Leaders to Cooperate

Coordinating leaders' efforts can be the most difficult step in strategic alignment. we've found that the more pride a leader has in the performance of his or her department, the less he or she is willing to cooperate with other departments. Much too often, leaders wish only for their department to excel and are reluctant to see other departments outshine theirs. This results in them being reluctant to willingly work with other leaders since doing so takes away from the time they can spend on their own department.

The only way this was going to happen was if managers cooperated with each other.

Personal Leadership

Building Trust through Reliability and Quality

Trust begins with honesty and sincerity, and ultimately it depends on reliability. Reliability is a matter of being consistent and is an important part of delivering quality.

Joseph Duran, whose made many lasting contributions to the field of quality management over more than 70 years. Duran defined quality as “**fitness for use**,” which he then broke down into three parts. “**Quality planning**” was defining and developing products to satisfy customer needs; “**quality control**” was establishing and consistently meeting standards; and “**quality improvement**” was based on “proving” the need for improvement and then following through on remedies.

Our definition was divided into two parts, both based on honesty and reliability. The *first* was to position the product properly. This involved meeting the customer’s wants and needs and communicating our intent to our customers through honesty in our advertising. The *second* part of quality for us was consistently meeting and exceeding our standards.

Keeping your promise to your customers by consistently meeting and exceeding your standards is the delivery system for creating “wows.” Consistency also builds trust on a personal level: people who are consistent can be trusted and therefore are reliable.

Accessibility

One of the most effective methods to prove to your customers and people that you care is through accessibility. This includes being easy to reach and talk to and being responsive. Employees and customers should be able to reach the person who's the decision maker. There's nothing more frustrating to employees and customers than not being able to get an answer or decision. Accessibility is also critical when it comes to fellow workers. One of the most frustrating things about working in a bureaucracy is not being able to find someone who will give you a straight answer, help you with a problem, or make a decision.

Caring through Suggestion

Another effective way to show employees you care is through a “suggestion program,” in which employees are permitted to air their thoughts on improvements.

This program required that management provide a detailed response to every suggestion within one week, with explanations for why that response was accepted or rejected. Also awarded prizes to the people who provided beneficial suggestions, and publicly recognized them in the company newsletter.

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Moral Leadership

Leading by Example

“When you become a leader, your people will be watching all your actions and listening to every word you say, since what you do and say affects their career and livelihood. They’ll be watching you and talking about your every action—mostly the bad ones since they probably won’t even acknowledge the good ones. So, keep these things in mind and act and speak appropriately.” This is arguably one of the main reasons why it is so difficult to lead: whether we choose to or not, we always lead by example.

“now your people will be watching everything you do. In the past, they would not have paid attention to you or what you did. They will also listen to everything you say now because you can affect their income and position.” This is also why it is so darn difficult to lead: we are being watched and listened to at all times, and no one is perfect.

Honouring Dignity, Fostering Respect

To begin “moral leadership,” be sure to implement two rules in your company when you became CEO and owner.

The first rule is, “Honor each person’s dignity and pride.” This motto should be printed on signs that sat on each leader’s desk, and on a banner that hung from the ceiling of the main plant.

The second rule is “Treat others the way you’d like to be treated.” This always seemed to be what call a common-sense rule, because it seemed so logical. If I don’t like being treated rudely, for instance, then why would you treat someone else this way? There is an old saying that goes, “All good things come to those who wait”; we should add, “All good things come to those who treat others the way they want to be treated.”

Entrepreneurial Leadership in a Non-profit Setting

Principles for Leading a Successful Non-profit

A common belief is that there are differences between businesses and non-profits. What we most often hear is that businesses are profit-driven and non-profits aren't. I agree with the first statement, but the second statement is far from accurate.

Many non-profits' methods of operation can sure give the impression that their standard is maximizing donations and fundraising.

A good question is whether non-profits are run differently by their leaders. There is little difference in the management of an enterprise, whether it is for-profit or non-profit. "It's just a question of who your boss is and who you have to ask for money,"

The most important and relevant question is, should they be led differently? Are there different principles that we should use for non-profits? And the answer is absolutely not.

Create a Message Using Measurement

In the non-profit world, “generating new business” means securing donors.

also, you need a message in order to continue, and that new “business” could only be won by measurement. You have to show that your program helped make people self-sufficient. In non-profits, measurement is often “proven” by the number of people helped, and by the amount of money raised.

Build a Talented Board

- In building a non-profit board surround yourself with people whose skills complemented each other and you.
- Impose spending policies or limits on what could be spent; and
- Implement timely reporting systems, so you could accurately monitor your progress.

Ethics and Morals in Running a Non-profit

In all non-profit organizations, the leaders' focus should be on how to achieve the organization's purpose ethically and morally. When done successfully, the organization will have sufficient surpluses and fund balances to grow and prosper. This can be a challenge, however, in trying economic times.

The purpose should always be more important than the organization. The organization is only a tool to deliver a purpose. If an organization isn't sustaining itself and can't be turned around, it should be dissolved before it loses its fund balances (equity) and goes bankrupt.

Seven Deadly Leadership Diseases

There are seven deadly leadership diseases endemic to organizations of all kinds: business, and non-profit.

King's/Queen's Disease, King's/Queen's Disease often occurs in people who have been successful and in charge for a long time. It doesn't occur too often in beginners.

It's easy to fall into the trap of being a "king" a leader who had all the answers, whose people wouldn't argue with him and who was treated with considerable reverence by everyone around him.

These are the classic symptoms of having King's (Queen's) Disease. For those of you who feel lulled into being a "king" or "queen," some simple words of wisdom:

1. Don't just read your positive press clippings. If you want to really know what's being said about you, read the bad reviews—they're more valuable than the good ones. These reviews may give you an early warning that you're becoming complacent.
2. Surround yourself with people who are better than you at what you do. Then, create an environment where it's healthy to civilly and respectfully disagree. Adopt a policy of "Give me the bad news first; good news can always wait," and don't shoot the messenger. The sooner you get bad news, the quicker you can start to work on the solution. The easier and more pleasant you make it for people to be the carriers of bad news, the better the odds will be that you'll get the bad news when it will do you the best.
3. Finally, create an environment where the focus is on "what's right," not "who is right." Often, if not most of the time, "kings" and "queens" declare and determine who is right, rather than what is right. When it isn't clear which facts are correct, try to rely on credible outside sources that both sides will accept

Bad Listener Disease

Bad Listener Disease most often follows King's/Queen's Disease, although it can also precede it. Most of the time, it affects successful people and companies. The have-nots—people who are starting out, or companies that aren't yet a factor in the market—most often are great listeners, because they want to learn from those “who have done it.”

Listen to the Market

Listening to the market involves seeking an understanding of a situation and proactively responding to threats from competition. This is an essential process for both new and long-time market leaders. Market leaders especially need to be on the alert for threats from competitors, because these leaders have the most to lose.

Economist Joseph Schumpeter coined the phrase “creative destruction”: attack yourself before your competitor does. When you have the leading product or service in your market, and there’s something that can be done to improve it, “listen” to the market and make the improvement before your competitors do.

Listen to People, Too

Another type of “bad” listening is a failure to listen to individuals on a personal level. “Active” listening is difficult because it’s more than being quiet while someone talks—it’s not simply a 50-50 effort. Good listening is active listening, a 100 per cent effort to fully understand (though not necessarily agree with) the other person. Asking questions is the first rule of active listening so that you can make sure you fully understand the meaning of what the other party is saying.

Growth for the Sake of Growth Disease

Growth is very important, but it shouldn't be the focus of leaders.

Having a reason to grow is much more important. Growth for the sake of growth often results in the opposite of real growth a company losing its focus and ending up much smaller, or out of business.

Overexpansion is a fairly simple issue and it is a pretty easy trap to avoid, yet thousands of businesses fail each year from falling victim to it. Overexpansion means that you are growing your business too fast, that you have somehow confused success with expansion, and that your business is spinning out of control.

Growth for the Sake of Growth Disease

We can say that the signs are easy to recognize problems with customer service and quality. I would add that another tell-tale sign is losing key people often some of your best ones as a result of the stress of dealing with angry customers.

A great lesson is that no company is entitled to grow there should always be a good reason. Two of the best reasons are expanding your territory or acquiring unique technology. Another good reason is creating new products and services. This is what call “earned” growth. Creating new products and services is not the only way to generate new business; continuous improvement of existing products and services will produce new business that is well-earned.

Spending More Than You Make Disease

Growing too fast often results in cash-flow problems, which, if we're to adhere to our earlier principle that "cash is king," can spell the death knell for a company. You spend more than your annual income

Millionaires' Disease

Deciding to do something simply because you can afford it bypasses the necessary "homework," and will most often land you on the losing end of the financial equation. Millionaires' Disease is the quickest and easiest way to end up not having the money to do the right thing.

Bottom-Line Blindness Disease

Over the years we've bumped into a very common phenomenon in business that I call "bottom-line blindness": if the bottom line is good, blindness to everything else becomes the norm. Working for both large and small companies, I found that if the profit and loss statement for the month was good, no one asked why it was good, nor did they seem to care. However, when the bottom line was bad—look out! The questions came fast and furious, and you'd better have the answers or find them. Bottom-line blindness often includes a "win at all costs" attitude and culture. In these situations "the ends justify the means," regardless of what's involved in the "ends," or bottom line.

How do we solve bottom-line blindness? We can learn a lot about the solution from former Green Bay Packers coach Vince Lombardi, who openly regretted once saying, "Winning isn't the most important thing; it's the only thing." According to his players and those who knew him well, he was a stickler for the basics. His focus was on fundamentals, discipline, and love—the members of the team had to care about each other.

- Entrepreneurial Leadership: A practical Guide to Generating
New Business by Angelo Mastrangelo 1st Edition.

Chapter
05

Textbook & References





Thank You