

FINANCIAL POST

Entrepreneurial mindset delivers the 'secret sauce'

Traits can be nourished within the company

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If you read FP Small Business this Monday, you will already know what makes up an entrepreneurial mindset. Good business leaders in modern corporations often possess these noted entrepreneurial traits -- innovation, creativity and risk-taking. They establish corporate cultures and business practices that support and nourish this entrepreneurial spirit throughout the company.

In today's global marketplace, in which every company's product and service offerings run the risk of being simply turned into another commodity, the companies that not only survive but thrive will be the ones that consistently find and deliver the "secret sauce" -- that special combination of offerings that provide unique and hard-to-replicate value to their customers.

While critical across all industries, this entrepreneurial mindset may be especially important knowledge-intensive sectors such as financial services, consulting, biotechnology, pharmaceuticals, and a host of others. Effective executives not only tolerate mistakes, they encourage them in an effort to find the right balance between protecting existing revenue streams and promoting the concepts that will be critical to future success.

So what can organizations and the people who lead them do to promote a spirit of entrepreneurship, innovation and creativity?

Incorporate entrepreneurial elements into leadership competency models and profiles The global leadership model for a Fortune 500 retailer includes elements such as "intellectual curiosity (sees different possibilities, tinkers and experiments, cultivates new ideas and approaches, and is OK with uncertainty and ambiguity)" and "reasonable risk (takes calculated risks with personal courage and conviction, learns from both wins and losses)."

Incorporating these elements into a firm's leadership framework gives everyone a common and objective language to discuss entrepreneurship and innovation, and clearly signals its importance.

Don't succumb to the myth some people simply aren't wired to be creative. Organizations should make efforts to identify and hire people who have naturally occurring entrepreneurial traits, such as independence, confidence and comfort with risk and ambiguity, and then coach and mentor them in a way that supports those traits, such as by removing burdensome bureaucratic controls.

My work with personality assessments has taught me that everyone in an organization has the power to contribute to innovation -- they just approach it in different ways and need different types of support from managers.

For example, you may have a team member whose natural inclination is to rely on established precedents when making decisions and to limit risk, not tendencies one normally would associate with entrepreneurship. However, you can encourage that person to be more innovative by clearly communicating it is part of the job to be on the lookout for improvement opportunities, helping him or her mitigate the risk when trying new things, and strongly supporting those efforts by absorbing some of the "fallout" when mistakes are made.

Beware the blockbuster. The potential for highly lucrative returns and the accompanying attention they generate often lures executives into a desire to seek the next game-changer -- for example, YouTube or iPhone. Unfortunately, a huge amount of resources are expended along the way, in pursuit of a pay-off that can be rare and unpredictable.

Companies that truly master innovation look for incremental opportunities to be innovative, and do so not only in "traditional" creative areas such as new product development but across the organization in functional areas such as sales or finance, or processes such as procurement or recruiting. The message is innovation can come from anywhere, and not every new idea must be a blockbuster.

Build a culture of collaboration and communication from the top down. Successful innovations need multiple connections across a company to survive. These are often a mixture of "formal" and "informal" ones. Successful innovation teams often have one or more members who are adept at reaching out to other parts of the core business to find the requisite skills and resources their projects need, and to build support.

Communication is critical, both with respect to articulating potentially radical, disruptive and technically complex ideas in a way people can understand, see the value in and be comfortable with, while fostering a sense of inclusion. Today's effective leaders are particularly skilled at finding and leveraging the talent within their workforce that will be innovation "connectors and communicators."

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