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Successful entrepreneurs are opportunists who, through their creativity, drive and vision, create economic or social value. They challenge conventional wisdom by practising disruptive innovation — innovation that creates new markets through the application of a different set of values. They change the rules of the game by questioning the status quo and upping the stakes. They ask: “Why do we do things this way and how can we do things better?”

It follows that an entrepreneurial organization can be defined as: An organization that places innovation and opportunism at its heart in order to produce economic or social value. However, for many organizations, this is only a brief moment in their evolution. Indeed, the natural cycle for most is from this entrepreneurial state, via growth, to protection, atrophy, crisis and, ultimately, either extinction or transformation.

In a fiercely competitive world, the measure of the truly competitive organization is the extent to which it can break this cycle at any point; the extent to which, regardless of size, it remains or becomes an entrepreneurial organization. But what does an organization need to do in order to regain its entrepreneurial spirit and release the disruptive thinking and opportunism that drives growth? To understand this we need to understand what the entrepreneurial organization looks like and to do this we need to consider four distinct but connected factors: Leadership; the organizational culture and structure; the team – its composition and dynamics; and the employee profile.
Leadership

In the entrepreneurial organization people are led rather than managed; that is to say, while the organizational vision and strategy is set by a senior leadership team, there are leaders throughout the organization – whether or not they are in formal leadership roles. What characterises this ‘leadership’?

2.1 Vision

Articulating an organizational vision – a meaningful mission and long-term plan of action – is one of the key tasks of leadership in any organization, but in the entrepreneurial organization, where people are empowered to a much greater extent (see 2.2), a vision is even more important – acting as a constant point of reference in what is otherwise a highly fluid working environment.

An organization’s vision acts as a powerful motivator for employee behavior (Bennis & Nanus, 1985), creating a common purpose that helps pull people in a desired direction, and increasing performance and commitment (Kirkpatrick & Locke, 1996). The specific content of the vision will vary with the organization – but whatever it is it is the job of senior leadership to formulate an inspiring narrative and for line-leadership to then articulate that narrative clearly and regularly.

As well as clearly articulating and regularly communicating the organization’s vision, leaders need to make that vision concrete in terms of values and expected behaviours; motivating their people by reinforcing entrepreneurial behaviours (e.g. free-thinking, free expression, openness, honesty, courage, lack of deference…) and promoting entrepreneurial values (e.g. creativity, opportunism, proactivity, ambition, excellence…).

I strongly believe that missionaries make better products. They care more. For a missionary, it’s not just about the business. There has to be a business, and the business has to make sense, but that’s not why you do it. You do it because you have something meaningful that motivates you. – Jeff Bezos
The late Apple CEO, Steve Jobs motivated his employees by creating a philosophical pamphlet that clearly outlined Apple’s vision of changing the world for the better through technology. This quasi-religious text is studied by all employees and is still being used today to build employee engagement and motivation as it instils a sense of meaning and purpose in the employee’s work. It also enables behaviour to be reinforced through more existential means, rather than simply through financial reward. Apple continues to be opportunistic and innovative due to an emotionally invested, and highly skilled workforce that is working towards achieving the organization’s larger vision.

Through its founder and CEO, Jeff Bezos, Amazon demonstrates the vision of an entrepreneurial organisation. In 1997, Bezos wrote his first letter to Amazon’s shareholders stating that “we are currently at Day One”; that is to say, the Internet and online retail is only at the very beginning of its development and revolution. Over ten years later, Bezos still believes that they are at Day One despite Amazon moving into hardware, digital media, fresh-food, and logistics. This forward-thinking and proactive attitude, demonstrates how the organisation appreciates ‘knowing the unknown’ — it must continue to grow and innovate in order to succeed as a business, develop new technologies and remain competitive.
2.2 Empowerment

In the entrepreneurial organization leaders need to understand when to adopt a directive leadership style and when to empower their people (Hmieleski & Ensley, 2007) because while overly directive and authoritarian leadership cripples creativity, being too laissez-faire can result in great ideas never being realised.

At the inception of a project leaders should grant high levels of autonomy (in order to develop ideas and identify opportunities) but set clear expectations in terms of deadlines and deliverables. As projects progress, with ideas and strategies becoming more concrete, leaders should adopt a more directive approach to consolidate ideas and ensure that the project is completed and delivered on time.
Within this autonomous-directive leadership style, it is important that leaders trust their people to carry out their tasks and provide constructive criticism in order to further develop the individual’s skill-set. If the leader micro-manages and displays pessimistic attitudes, entrepreneurial behaviours will be quashed (Kim & Yuki, 1995).

Valve, a multinational, billion dollar video games developer and distributor, takes the idea of empowerment to the extreme in that it has no managers. Valve understands that the video games industry is fast-paced and that the only way to stay ahead is to remain innovative. By having a completely flat hierarchy, employees are more invested in their work as they not only decide what project they want to work on, but also are responsible for recruiting and organising fellow team members. This approach to empowering employees ensures that the organisation is able to capitalise on new opportunities — a claim supported by Valve’s continued growth.

Leaders should also consciously aim to reduce office politics (e.g. gossiping, manipulative behaviours and power grabs) and the centralisation of power (e.g. top-down decision-making) and should instead welcome and facilitate open discussion of organizational issues no matter how controversial; (Gilbert, Carr-Ruffino, Ivancevich, & Konopaske, 2012).

2.3 Tolerance of risk

When making decisions, it is important to consider the amount of risk the leader is willing to tolerate.

Leaders who work for organizations (employees) tend to be less confident and less impulsive than pure entrepreneurs (founders), and as a result they are less inclined to over-estimate
their ability and tend to favour incremental rather than revolutionary developments (Busenitz & Barney, 1994; Forbes, 2005). As a result, these leaders often not only have a lower appetite for risk, but also a lower tolerance of risk, and this is inimical to innovation and growth.

This is not to say that senior leaders should simply encourage risk-taking. Rather, they need to establish a level of risk tolerance which they comfortable with (and which in most large organizations is too low); actively seeking opportunities to take controlled risks and, at the same time, mitigating risk when new initiatives are pursued.

Finally, and crucially, leaders need to demonstrate a tolerance of risk by handing as much decision making power as is possible to those below them; empowering people to act quickly and decisively when opportunities are identified.

SAINSBURY’S

In order for Sainsbury’s to achieve its vision of national growth through diversification, its leaders mitigate risks by working with industry experts. Sainsbury’s have recently launched a mobile telecoms service that uses Vodafone’s infrastructure. By partnering with an established network provider, Sainsbury’s has reduced the risk of this venture failing, as they have not invested in the costly, physical infrastructure of a telecoms network while gaining the expertise of Vodafone.
LEADERSHIP CHECKLIST

• Does your organizational vision have entrepreneurial values at its heart?

• Is that vision clearly communicated and regularly articulated by leaders throughout the organization?

• Do your leaders manifest entrepreneurial values in their own behaviours?

• Do your leaders empower people to make their own decisions whenever they can?

• Do your leaders actively seek opportunities to take controlled risks?
Culture and Structure

3.1 Culture

Every organization has a culture — the values and beliefs of an organization that influence employee's experience, behaviour, and interaction with others (Pettigrew, 1979; Schein, 2004). And as an organization's culture shapes behaviour, it is vital that the culture facilitates entrepreneurial behaviours (Schneider, Ehrhart & Macey, 2013).

An entrepreneurial culture is an open, inclusive culture where social interaction and the communication of ideas are actively facilitated. By increasing communication employees are able to share different ideas, perspectives and approaches. By promoting social networks, organizations can expect an increase in knowledge utilisation; for example, employees will discover experts in a given domain and be able to draw on their knowledge and experience.

Building social networks not only helps in executing ideas, but also in generating them. The more individuals share ideas and knowledge, the more likely it is that they will be able to 'join the dots' between various sources of information. By increasing multiple sources and types of information, hidden patterns and relationships can be identified (Talke, Salomo & Kock, 2011).

An entrepreneurial culture is a culture where ambitious thinking and free expression are encouraged and valued. People must be given the time and security to develop ideas that may fail (the corollary of leaders tolerating controlled levels of risk). Most people become self-employed because they are not given the opportunity to develop their ideas, or because their ideas are not valued by their organization (Beugelsdijk, & Noorderhaven, 2005; Pinchot & Pinchot, 1978). With this in mind, any organization looking to become entrepreneurial needs to ensure its culture supports its ‘intrapreneuers’ (existing employees that have entrepreneurial potential; Menzel, Aaltio & Ulijn, 2007).
3.2 Structure

An organizational structure is important because it defines how jobs are formally divided, grouped and coordinated (Robbins, Judge & Campbell, 2010). An entrepreneurial organization needs to structure itself in a way that maximises the exploitation of new opportunities. To do this, three factors need to be considered:

3.2.1. Work Specialisation

Work specialisation, better known as the division of labour, is the degree to which tasks are divided into separate jobs. Although high division of labour is ‘efficient’, carrying out repetitive tasks leads to stress, long-term reductions in productivity and poor quality, with the inverse occurring when employees have low division of labour (Parker, 2003). Identifying when to increase and decrease the division of labour is important for entrepreneurial organizations: if
an employee has a narrow view of the organization’s operations, it is unlikely that they will be able to spot opportunities for innovation. By experiencing different roles, research suggests that employees will be both satisfied and more creative as they are able to draw together their experiences and think differently about the way their work is carried out (Glassman, 1986).

### 3.2.2. Departmentalisation

Departmentalisation describes the way jobs are grouped together (e.g. sales, finance, marketing, etc.). Within organizations there is a wealth of talent that is hidden through siloed departments. By removing these innovation road-blocks and increasing open communication organizations can expect co-operation and an influx of innovative ideas (Denning, 2010). What’s more by promoting cross-functional departments and teams where people have a range of backgrounds (e.g. work experience, educational background, ethnicity, etc.) and skill-sets, knowledge can be more effectively shared, utilised and exploited (Shin & Zhou, 2007).

### 3.2.3. Chain of Command & Span of Control

The chain of command describes the line of authority from the top of the organizational hierarchy to the bottom. Span of control, is related to the number of subordinates a manger can (and does currently) both effectively and efficiently direct. Why is this important for entrepreneurial organizations?

Successful entrepreneurs are able to react and exploit opportunities as and when they arise (Chell, 2008). A long chain of command coupled with a large span of control makes it harder to seize opportunities quickly. Conversely, successful entrepreneurs operate with a low chain of command and grant high autonomy to their subordinates (Gupta, MacMillan, & Surie, 2004); a ‘flat’ hierarchy which facilitates fast decision-making.

As well as the management structure, the physical layout of the working environment may need to be modified in order to increase co-operation and speed decision-making. If departments and functions are spread across multiple locations or simply shut away in different parts of a building, employees will have less opportunity to meet new people and are less likely to have the confidence to purposefully approach colleagues (Penn, Desyllas & Vaughan, 1999).
CULTURE CHECKLIST

• Is the status quo regularly questioned and challenged?

• Are people encouraged to look for new business opportunities and rewarded when they are identified?

• Are people encouraged to think big and to do things differently?

• Is it better to try new things and fail than to not try at all?

• Is genuine debate welcomed?

• Are decisions made quickly and once they are made can they be acted on quickly?

• Are people with expertise valued and listened to?

• Is knowledge and experience shared across the organization?
Teams – composition and dynamics

Throughout human evolution we have had to be flexible, adapt to our environment and work with others in order to survive. The success of an organization is dependent on the same principles. Contrary to the popular conception of the creative genius in their garret, people are actually more innovative and effective when they are part of a larger social group, and in the workplace this is likely to be their department or team (Leeners, Van Engelen & Kratzer, 2003).

Entrepreneurial teams are defined as a small a number of individuals who work together to innovate and exploit opportunities. A common characteristic of under-performing teams is the prevalence of shared apathy and inertia, however, this can be reduced by making the team member’s implicit attitudes and assumptions explicit (Waddell, Roberto & Yoon, 2013). One way to do this is to encourage functional conflict — the ability to challenge and constructively criticise decisions, assumptions and ideas in a positive manner (Druskat, & Pescosolido, 2002).

The Danish hearing aid company, Oticon, faced bankruptcy in the early 90s due to competition from larger firms such as Siemens and Philips. Recognising that it needed to do some something drastic in order to compete, the organisation was restructured so that projects, not departments, defined the unit of work. This resulted in cross-functional teams that minimised formalised procedures, regularly rotated job roles, and encouraged debate in order to promote different ways of thinking about problems. By destabilising the status quo, teams were able to drive Oticon to increased market share and profitability.
In order for functional conflict to occur, there are four key factors that need to be considered:

1. **Groupthink**

A team's propensity to make ineffective decisions is dramatically increased where team members conform to a single idea or approach — a phenomena known as ‘groupthink’. Groupthink is typically driven by two factors: individuals not wanting to go against the group because of the fear of being ostracised (Greitemeyer, Fischer & Kastenüller, 2012), and the reliance on heuristics (mental shortcuts that can erroneously guide our thinking and decision making; Strutton & Carter, 2013). Entrepreneurial teams challenge norms and assumptions in order to provoke different ways of thinking about a problem. When team members are freed from restrictive group norms and mental shortcuts, information can be processed differently resulting in the identification of new opportunities.

2. **Resources**

For entrepreneurial teams to be successful, it is imperative that they are given the resources they need to succeed. This does not necessarily mean more time or money. Giving teams access to the information they require and the opportunity to learn new skills, will not only make the team more effective, but will also increase its ability to identify new opportunities and produce innovative ideas (Bessant, Alexander, Tsekouras, Rush, & Lamming, 2012; Mathieu, Maynard, Rapp, & Gilson, 2008). New information can be accessed quickly by forming connections with other teams and departments, thereby making the teams incrementally more knowledgeable. And increasing the exchange of knowledge means teams are better equipped to spot new trends, identify gaps in the market, and solve problems.

3. **Communication**

Research has shown that the more an idea is shared with other experts, the more feasible and applicable the idea becomes (Sáenz, Aramburu, & Rivera, 2009). For example, it is common to find that engineers are preoccupied with detail, yet fail to pay attention to what the consumer wants from a product. By increasing the level of communication between marketers and engineers, consumer demand can be met while reducing the possibility of ‘dead on arrival’ product releases (Menzel et al., 2007). It is important however, to bear in mind that too much communication and deliberation can result in stasis; so this is a process that must be managed.
4. **Team Spirit**

When managing entrepreneurial teams, it is important to foster ‘team spirit’ - a belief in the team’s ability to succeed. Research has shown that if team members perceive their goal to be both feasible and desirable, they are more likely to achieve it (Shepherd & Krueger, 2002). Conversely, if team members do not trust in each other’s ability to succeed, and if they don’t have a clear understanding of the team goal there will be a reduction in morale and performance (West, 2007).
TEAM CHECKLIST

• Is genuine debate encouraged and welcomed?

• Are roles and responsibilities regularly rotated?

• Is there as little hierarchy as possible?

• Are people unafraid to express their views and opinions?

• Are people encouraged to think big?

• Are there regular brainstorming sessions?

• Do teams happily share their knowledge and experience with other teams and departments?
MICROSOFT

The beleaguered Microsoft long measured team performance through a process called ‘stack rating’. This involved team members being judged relative to their peers: if a team consisted of ten members, the stack rating system resulted in two members getting great ratings, seven deemed acceptable and one member failing. Given that this system always resulted in a failure, employees and teams were continually focused on competing with each other, rather than competing with rival companies though innovation. This over-focus on political behaviour, rather than developing new products and services, is suggested to play an influential role in the company’s failure to remain relevant within a dynamic industry.

The Employee Profile

An entrepreneurial organization is not an organization that only employs entrepreneurs. In fact, if it were it would almost certainly be dysfunctional. Rather, it is an organization that (a) has a culture that facilitates entrepreneurial activity and (b) puts together teams of people with the right combination of entrepreneurial characteristics.

META’s research identifies four key characteristics of the entrepreneurial personality: Creativity, opportunism, proactivity and vision.
**CREATIVITY**  
The ability to generate innovative business ideas (relates to non-conformity, originality and preference for novel experiences)

**OPPORTUNISM**  
The tendency to spot new business opportunities (relates to being alert informed, and detecting future trends)

**PROACTIVITY**  
The tendency to be proactive about projects and get stuff done (relates to energy, confidence and self-determination)

**VISION**  
The ability to see the bigger picture, the motivation to bring change and create progress (relates to values and having a higher sense of purpose)

Very few individuals possess all these characteristics, but a great many possess one or more and – even in start-ups – it is getting the right mix of these characteristics within teams and departments which is the key to success. How can this be achieved?

Research has shown that the most effective (reliable and valid) way to identify an employee’s strength or “unique talent” is through the use of psychometric measures — questionnaires created through scientific principles that measure psychological qualities (Ahmetoglu & Chamorro-Premuzic, 2013).

These measures give an accurate and unbiased assessment of a person’s skill set. They also provide information that cannot be obtained during an interview or even through performance at work (for example, because most large organizations are not entrepreneurial they do not allow for entrepreneurial behaviours to be manifested). So, the use of psychometric tests can make the construction of complementary and cross-functional teams both quicker and more effective.

Creating teams that have a complementary mix of creative, proactive, visionary and opportunistic people, can produce ideas that are both innovative and actionable. The founders of Apple, Steve Jobs and Steve Wozniak achieved the perfect balance. Jobs was an ‘ideas man’ and Wozniak was the technology expert. Jobs couldn’t program a computer but knew exactly how he wanted it to function. Wozniak on the other hand understood how to make Job’s vision a reality.
EMPLOYEE PROFILE CHECKLIST

• Can you identify entrepreneurial characteristics in your hiring and selection processes?

• Is there hidden entrepreneurial talent in your existing workforce?

• Do you have the right balance of entrepreneurial characteristics in your key teams?

• Do you know how to manage and reward your entrepreneurial people once you have identified them?
Conclusion

An entrepreneurial organization places opportunism and innovation at its heart in order to achieve growth. Achieving this requires a culture that embraces freedom of thought and freedom of expression; where co-operation and the sharing of knowledge is the norm; where leaders throughout the organization articulate a guiding vision, empower people and value creativity; and where teams are made up of people with complementary traits and skill sets who believe in each other and who are willing and able to challenge the status quo. Evidence suggests that an organization that can make this a reality will reap the benefits.
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