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Research report
July 2013

Entrepreneurs: What can we learn from them?
Part 1/3

Entrepreneurial spirit driving growth



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To increase our impact, in service of our purpose, we're focusing our research agenda on three core themes: the future of **work**, the diverse and changing nature of the **workforce**, and the culture and organisation of the **workplace**.

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Our focus on work includes what work is and where, when and how work takes place, as well as trends and changes in skills and job needs, changing career patterns, global mobility, technological developments and new ways of working.



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The CIPD is the professional body for HR and people development. We have over 130,000 members internationally – working in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors. We are an independent and not for profit organisation, guided in our work by the evidence and the front-line experience of our members.

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Introduction

In a depressed market, the spirit of enterprise offers a promising chink of light. The economic climate has, more than ever, led people to consider working in different ways and fuelled their creative business juices.

The entrepreneurial spirit is certainly alive and well here in the UK, with individual entrepreneurs contributing an average of £130,000 to the UK economy in 2012 and entrepreneurial SMEs contributing 52% of private sector gross value added (GVA)¹ to the UK economy (RSA Valuable Assets 2012). Ernst & Young research (2012) also estimates that UK entrepreneurs have grown sales by 20% year on year and created a major boost to employment (23% employment growth) and as such are playing a key role in rejuvenating the UK economy.

The Global Entrepreneurship Monitor (GEM) (2011) quantifies the new and established entrepreneurial activity in the UK as a percentage of the population – nascent (the stage at which individuals begin to commit resources, such as time or money, to starting a business) (4.2%), new business owners (3.4%) and established business owner-managers (6.5%), with nascent activity rising significantly since 2010.

Entrepreneurial practices can be at any level and in this research we draw on examples across different sectors and sizes of organisation but with more examples from micro, small and medium enterprises at different stages in their development. SMEs are a key area of interest for the CIPD. While the number of large businesses has declined by 11% over the last ten years, the number of small businesses has risen by 35%, showing the growing strength of the flourishing entrepreneurial SME population.

While the word entrepreneur itself derives from the French verb *entreprendre*, meaning to undertake, definitions of entrepreneurs and entrepreneurial activity are hotly contested. For the purposes of this research series, we will be drawing on Ahmed and Seymour's (2008) classifications:

Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. Entrepreneurship is the phenomenon associated with entrepreneurial activity.

Having surveyed almost 500 individuals who set up their own businesses, we find that some of the key challenges that entrepreneurs face include the difficult economic climate (65%), working long hours (54%), managing financial issues (52%) and a general lack of funding (52%).

Other research also cites market conditions and access to funding as key challenges (Ernst & Young 2012, GEM 2011). Our qualitative research also finds that there are key support challenges after start-up (such as financial and people), when businesses are looking to grow, as well as different perceived obstacles according to gender. These are issues we will explore in more detail in future planned work on different types of entrepreneurs.

Our series

In this research series *Entrepreneurs: What can we learn from them?* the CIPD will be exploring the practices that help entrepreneurial organisations to flourish. Learning and talking points are pulled out for HR and business leaders from organisations of all sizes – micro, small, medium and large.

In each part of this series you get to hear from the entrepreneurs directly through compelling and honest viewpoints. This part 1 report is made up of the following sections:

From entrepreneurs to intrapreneurs: creating a culture where intrapreneurs thrive

Entrepreneurial leadership: What can we learn from the leaders who drive growth?

Entrepreneurial talent management: How do entrepreneurs resource, develop and manage their talent?

Later reports in the series will explore female entrepreneurs and youth enterprise.

Our featured entrepreneurial organisations

Organisation	Number of employees	Who they are
Alcatel-Lucent	Circa 72,000	Alcatel-Lucent was formed in 2006 and is a global innovator in networking and communications technology, products and services. The company's roots span two continents and encompass two early pioneering companies – La Compagnie Générale d'Electricité (CGE) and the Western Electric Manufacturing Company.
A Suit That Fits	Circa 29	Founded in 2006, A Suit That Fits creates ethically hand-tailored garments for men and women, with over 30 locations nationwide. Their employees and manufacturers are based in the UK and Nepal.
Little Dish	Circa 10	Hillary and her business partner John Stapleton created fresh chilled toddler food company Little Dish in 2006. Little Dish currently serves up more than 100,000 meals per week and supplies well-known supermarkets.
Man Bites Dog	Circa 20	Man Bites Dog was founded in 2005 by Claire Mason. It is an award-winning business-to-business PR consultancy specialising in public relations for the service economy with three divisions specialising in professional and financial services, technology and IT services, and property and environment.
Microsoft	Circa 95,000	Microsoft Corporation is an American multinational software corporation headquartered in Washington that develops, manufactures, licenses and supports a wide range of products and services related to computing. The company was founded by Bill Gates and Paul Allen in 1975.
Stott + Hoare	Circa 24	Stott + Hoare serves the IT hardware, software and services needs of corporates and government and SMEs through a network of business partners and providers across Australia. It has stood the test of time for nearly a century and still manages to compete with high-growth start-ups in CRN's Fast50 Australia.
US State Department for eDiplomacy	Circa 80	The US State Department for eDiplomacy was founded in 2003 and is part of the Bureau of Information Resource Management. It combines the expertise and experience of Foreign and Civil Service Officers and contract professionals and is divided into: the Diplomatic Innovation Division, the Knowledge Leadership Division and the Customer Liaison Division.

Key insights: ten tenets of entrepreneurial practice

The following key insights have been drawn from the findings across this series and highlight the essence or key tenets of what makes entrepreneurial organisations flourish. We hope that organisations across sectors and size can learn from these practices.

1 Purposeful profit: it's okay to care

The entrepreneurial leaders we spoke to have a genuine desire to make a sustainable difference to their local communities and beyond and instil these values throughout their organisations. This clearly distances them from the sometimes unacceptable and uncaring face of larger corporates. Often a general dissatisfaction with current practice spurs them to try new things and lead in different ways and there is a shared emphasis on doing business in a responsible way, showing respect for people, communities and the environment.

'We passionately believe in building long-term relationships through responsible business; achieving commercial success while respecting people, communities and the environment.' **Warren Bennett, A Suit That Fits**



2 One part entrepreneurial = twenty parts reach and impact

Entrepreneurial organisations are not limited by their size, resource or money. Their entrepreneurial leadership and practices enable them to punch far above their weight. And, by catalysing with other elements they create more value; clever use of social media, smart networking and multiple strategic alliances all significantly amplify their impact and reach.

'When you don't have a budget you are forced to be creative. We have set up strategic alliances and relationships with Barnados and Nickelodeon that have helped us extend our reach ... it was a nice way to work and communicate the value to our own customers.' **Hillary Graves, Little Dish**



3 But the best hold on to their intimacy and togetherness

Even though their outward reach and impact is impressive, the best entrepreneurial organisations deliberately maintain a strong sense of intimacy with both employees and customers. They know that it is this culture of intimacy and togetherness that sets them apart from many of their competitors and they do all that they can to enhance this as they develop and grow by disregarding hierarchy, providing all employees with opportunities for real business involvement and decision-making and facilitating bottom-up innovations.

Staff and customers form the Little Dish family. The part-time team of brand ambassadors build relationships across the UK and even Hillary's young children have roles as chief tasters. People join Little Dish to be part of a dynamic company that is making a difference from a social and commercial perspective, with real opportunities for business involvement – *'if you have a great idea, within nine months it can be on the shelf.'* **Hillary Graves, Little Dish**



4 And, fiercely protect the integrity of their brand

While entrepreneurial organisations excel at extending their reach through partnerships and collaborations, one thing they never compromise is the integrity of their brand. A key way of protecting their brand is by creating a shared sense of organisation purpose and values internally and externally. Partners, collaborators and charity recipients are therefore carefully chosen around their synergy and alignment with the organisation's existing values and brand. Entrepreneurs themselves are often 'super-connectors', continuously introducing like-minded contacts to one another in a way which reflects very positively on their own business and brand.



'We started in 2006 with just a handful of people and a passionate belief in what we were doing. Those founding employees were all personally known or related to us. We recruited people who shared our vision and values; they were completely aligned to where we saw ourselves and the business going.' **Holly Tucker, Co-founder, Notonthehighstreet**

5 Agility through clever use of expertise

Entrepreneurial organisations understand the importance of keeping on their toes and being agile. They know they cannot afford to rest on their laurels and as their business develops they need to ensure that scanning the horizon for emerging trends, competitors and new opportunities becomes first nature. But it is often the clever way in which they seek out and use both their employees' and customers' expertise which ensures their agility.



Stott + Hoare recognise that businesses are now interacting with both their customers and staff in new ways. *'The most important thing is to realise that customers need to be understood, really listened to and they will let you know what they need. A lot of leaders try to force customers to fit in with their products and services rather than innovate.'* **Jim Loader, Stott + Hoare**

6 Deep and deliberate co-creation with customers

Building on this use of expertise, where entrepreneurial organisations really stand out is in their deep co-creation with clients and customers. This involvement goes way beyond simple one-sided communication to active involvement in shaping and even sponsorship of business strategy. Client engagement can include regular events, competitions, product testing, focus groups and feedback and facilitates excitement about products and loyalty to the brand. Entrepreneurial organisations really listen to their customers and draw on their ideas and requirements to keep the business and brand fresh. Many even recruit from their customer pools, where it is ethical to do so, because they have shared values and will act as genuine brand ambassadors.



Deep customer involvement through focus groups, events, competitions and feedback has been an important strategy in keeping the brand fresh at Little Dish: *'The relationship with our customers has developed over time. We didn't have a Facebook site when we launched the business in 2006 and now we just got our 14,000th like last week. We can easily put together a survey in our newsletter that goes out to over 15,000 people and the feedback is so immensely valuable.'* **Hillary Graves, Little Dish**

7 Employees as individuals

In entrepreneurial organisations employees are treated as individuals rather than one big group. There is a clear awareness of where individual strengths lie and people are encouraged to play to their strengths as much as possible. Entrepreneurs have a massive appetite for developing themselves and their employees. They are also aware of the potential of talent clusters – connecting individuals inside and outside the organisation, with similar interests or needed skills, to work on projects.



'It is important to get people to feel good about themselves to help them achieve higher performance, be receptive to new ideas, make suggestions and willingly take ownership and responsibility to achieve goals.' **Jim Loader, Stott + Hoare**

8 Sense of stretch and fun

Entrepreneurial organisations inspire a sense of stretch and fun – a ‘work hard and play hard’ culture. Leaders place high expectations on their employees – there is no room for mediocrity and work ethic is particularly important. At the same time, fun is vital to their success. While most organisations talk about creating fun working environments, very few actually achieve this. Entrepreneurial organisations know the importance of making this a reality. Some put the fun into their office design; others are creative around working practices, while some get the social side of things right. All place particular importance on ensuring people are happy in their work environment and well supported so they are able to find that ‘sweet spot’.



‘A high priority is placed on ensuring employees are engaged and creating a fun working environment at Man Bites Dog. Staff were very much involved in the design of the new Brighton HQ, which has a deck leading to beach hut meeting rooms, a circular brainstorming room and an ideas forest. A key selling point is that the organisation offers a London career with a Brighton lifestyle – working on global business brands from a seaside location.’ **Claire Mason, Man Bites Dog**

9 Headspace for innovation

A common theme across all the organisations involved in this research is the emphasis they place on employee innovation. Even when entrepreneurial organisations are at their busiest, they deliberately protect time and space for employees to innovate because they know that this is central to their success. Whether that is by supporting intrapreneurs in some of the larger organisations or innovation days and cross-team working in some of the smaller organisations featured in this series. More often than not this activity is bottom-up, not top-down, because employees working daily with customers on the front line have the creative sparks or ideas that could really make a difference.



Microsoft has created a physical space for experimentation and a successful way of supporting intrapreneurs: *‘The Garage was created as a way of supporting grassroots innovation. It’s bottom-up, not top-down.’* **Dirk Junghanns, Microsoft**

10 Go forward with failure

Finally, fear of failure does not stop entrepreneurial organisations from doing things differently and innovating. In fact very little, if anything at all, holds back the entrepreneurial leaders and organisations we spoke to. They recognise that in order to create and innovate some failure is inevitable and realise the great potential in learning from mistakes and failures and even publicising these as part of the learning process.



‘Another innovation of eDiplomacy is the creation of a “FailFaire” meetup, which allows individuals to talk about failures and things that have gone wrong and share the lessons learned from these.’ **Richard Boly, Office of eDiplomacy, US State Department**

Entrepreneurial skill-sets

From the research insights drawn in this report, great entrepreneurs:

- are determined and passionate
- are continually alert to new opportunities
- look for purposeful profit
- are dissatisfied with current practice
- take calculated risks
- are commercially and financially astute
- play to people’s strengths
- are super-connectors
- co-create with customers
- protect innovation
- are proud of failure
- out-think their size.

From entrepreneurs to intrapreneurs: How can we create a culture where intrapreneurs thrive?

In this section we explore the concept of intrapreneurs and the associated benefits (and sometimes risks) of building a culture where intrapreneurs can thrive.

Coined in the 1980s by management consultant Gifford Pinchot, the concept of intrapreneurship is often used by organisations that recognise the need for new and innovative ideas. Investopedia, the online investment portal, describes an intrapreneur as an *'inside entrepreneur'*, or an *'entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities'*. Intrapreneurs are often but not exclusively employees who are assigned a special idea or project and are instructed to develop and own the project like an entrepreneur would.

Although nearly two-fifths (37%) of employees would like the opportunity to be an intrapreneur, only 12% of organisations actually encourage intrapreneurs and intrapreneurial behaviour (CIPD April 2013). The private sector (14%) is most likely to encourage intrapreneurs (public sector: 8%, voluntary sector: 9%).

Budding intrapreneurs bring with them their overall creativity and innovative ideas and solutions. In today's troubled economic climate, this is likely to provide a competitive edge to any organisation regardless of industry and specialism. Often, as organisations increase in size, their creative and entrepreneurial outlets diminish, but by overtly creating space for intrapreneurs, larger organisations can boost their ability to innovate. Organisations that make intrapreneurship part of their brand are also more likely to attract and recruit the best like-minded talent.

But, what about the risks? What happens if intrapreneurs develop the appetite to become fully fledged entrepreneurs? The number of lawsuits involving spin-off organisations or business start-ups has increased, particularly in the US, over the past few years. If employees decide to spread their entrepreneurial wings, employers have a choice: they can treat the spin-off as a competitor, or they can create a business partnership with the new start-up. If they plump for the latter, both sides have a vested interest in getting the new company off the ground and making it successful. Companies such as Xerox and General Motors have funded employee start-ups to gain some control over the new venture and keep creative workers on board.

Microsoft has created a physical space for experimentation and a successful way of supporting intrapreneurs and grassroots innovation.

Creating space for intrapreneurs: the Garage initiative at Microsoft

In 2009, Microsoft created 'the Garage', an initiative and physical entity deliberately designed to encourage innovation among its employees. The inspiration came from other great companies that started in a garage, such as Hewlett-Packard and Amazon. The programme helps incubate those side projects that employees want to work on but can only find time for at night and over weekends. As Dirk Junghanns, Senior Test Lead and Garage enthusiast, suggests, *'The Garage was created as a way of supporting grassroots innovation. It's bottom-up, not top-down.'*

Microsoft opened the doors to the remodelled Garage building in 2011, giving workers the ability to make and test out prototypes through company-owned tools such as a soldering bench, a laser cutter and a 3D printer. But one of its most important roles is to connect workers to colleagues with similar interests or needed skills, something that can be a challenge in a company with nearly 95,000 employees. As Junghanns suggests, *'It's like speed dating for innovators, stay late and code together to improve a project. Great things happen with relatively little resources.'*

The prototype work in the Garage builds up to science fairs multiple times a year in different countries. These are where the intrapreneurs can get people to test and provide feedback on their designs and, as Junghanns maintains, *'This is where it starts to make an impact. It amplifies employees' exposure to upcoming projects, gets intrapreneurs in front of the right decision-makers, reinvigorates people and makes innovation increasingly part of the culture.'*

The concept has progressed and employees are now also given work time to develop their innovations, with Garage weeks and hack days – helping to support work–life balance. As Junghanns says: *'The advantages of paid time is that it creates social pressure to participate, everyone is free so they can work together and the continuous and focused time means that progress is fast.'*

And what of the outcomes of this initiative? In addition to creating a culture of innovation, there have been a number of tangible success stories, including:

- Engineers created a tool for reviewing source code which is now used throughout Microsoft by more than 12,000 engineers and is being made into a global external product.
- In 2011, the Lync Conversation Translator was created in the Garage. This is a communications software package which works with 35 different languages and lets two people who speak different languages have an instant messaging conversation in their native tongue.

Although intrapreneurship might be one of the last things you would expect to see in government, it is increasingly being supported by the US State Department to help deal with the uncertainties of everyday life.

Intrapreneurship in the heart of government: dealing with uncertainty, not risk Office of eDiplomacy, US State Department

Richard C. Boly, Director of the Office of eDiplomacy at the US Department of State – the oldest US ministry – talks about using innovative 'tech craft' (technological advances) and intrapreneurship in response to crises such as 9/11 and 'Wiki leaks' to help move away from bureaucracy and rigid management systems. Hilary Clinton has also spoken of the need to adapt statecraft by reshaping development and diplomatic agendas to meet old challenges in new ways and by deploying one of America's great assets – innovation.

As Boly states: *'Most diplomats by nature of their background are likely to be risk-averse. Risk is a subset of uncertainty – sometimes the risk is small. It can be good to take the uncertainty and put yourself into positions which allow intrapreneurial behaviour.'* And, when it comes to intrapreneurial qualities, Boly believes: *'Curiosity – the constructive, not obstructionist, "why?" or "why not?", is an essential requisite for an intrapreneur and something that you can't train for.'* It is also important to have the right culture and tools in place to enable intrapreneurs. Boly talks about moving to a 2.0 organisation model through internal collaborative tools such as internal social networks, blogs and Wikis.

In practical terms, eDiplomacy has created a small intrapreneurial investment fund which is modelled after angel investor or venture capital funds. This fund is dedicated to finance the projects initiated by diplomats working in the American embassies around the world. One result has been automated, but 'social', electricity usage monitoring in diplomats' residences in one country. The social side allows diplomats to see how their usage stacks up against their peers and encourages them to modify their behaviour to lower household electricity consumption. In the first year, the new system more than paid back the initial investment and could have a many hundredfold return if established as a common practice among all US foreign missions.

eDiplomacy has also created a whole suite of open-source collaboration platforms safely and securely accessible to US diplomats on the intranet. These platforms include Diplopedia – 17,000+ articles, 6,000 employee contributors and 35,000 weekly page views. Another platform is 'Corridor', a LinkedIn-like place where employees can find expertise, collaborate, form groups and share what they are working on. Already more than 14,000 employees have joined and created profiles.

In the area of collaborating with people outside of the State Department, eDiplomacy has created an online shared working platform as part of the Virtual Student Foreign Service, where US university students can help with unclassified tasks very quickly. Another innovation of eDiplomacy is the creation of a 'FailFaire', which allows individuals to talk about failures and things that have gone wrong and share the lessons learned from these.

And, as Boly insists, when it comes to intrapreneurs, management style is crucial to unleashing their talents: *'As a manager of intrapreneurs it is important to protect them from outside interferences and amplify their ideas and successes. You need to reverse the food chain and put the person who has done the most work up front. It is important to widen and amplify their thinking.'*

Alcatel-Lucent have been running boot camps for the last six years to help create and support a culture of intrapreneurs.

Alcatel-Lucent – learning from six years of boot camps

Alcatel-Lucent, headquartered in Paris, is a leading innovator in the field of networking and communications technology, products and services. The company is home to Bell Labs, a leading research centre responsible for breakthroughs in the networking and communications industry.

As Olivier Leclerc maintains, in 2004–05 the company had great researchers but the translation of products onto the market was not as good as it could have been and innovative business training did not seem to be working. So work began on a different way of supporting intrapreneurs and in 2006 the first boot camp was born in Belgium. This revolved around bringing multidisciplinary research teams together to work on ideas and designs for new markets. In subsequent years the boot camp was extended and rolled out in France, Germany, the US and China.

At the start of the boot camps the CEO calls for ideas. Those ideas are then developed at the boot camp and presented to the organisation's innovation board, made up of 16 individuals representing a variety of business functions who also act as champions and business advocates after the boot camp process. To cut the red tape, projects that deserve support are quickly expedited. To build on this the organisation made the decision to involve external parties and venture capitalists to help with the funding.

Seven projects and teams are then chosen to develop their projects. Training and coaching is provided by specialist entrepreneurs and, where possible, work is carried out on Fridays and Saturdays so that both parties are investing time and money.

So, what happens after the project or product is finalised?

As Leclerc maintains: *'For some it is back to their day job, with opportunities to participate again in the future. For others comes career acceleration and greater organisation visibility.'* He also says that some people do decide to leave the company to pursue their innovation ideas, but this is not considered to be a 'big deal' and the organisation keeps closely connected to them.

And, what about the benefits?

Leclerc sees numerous benefits associated with intrapreneurs and the creative boot camp system: first, the diversification of the organisation's product portfolio, which improves the brand and raises the profile of the organisation while also increasing revenue; and second, overall benefit is to employee engagement and creating culture change – one of innovation and collaboration that becomes infectious.

Viewpoint

An insider's perspective

Throughout my professional career I have worked for many businesses that have differed in size and sector and each of these businesses has grown during my tenure because enterprising employees contribute to organisational growth and sustainability. Organisations such as 3M lead with an intrapreneurial spirit and, having worked for such organisations, I have experienced first-hand what it feels like to be an intrapreneur.

The term intrapreneur stems from the rise of enterprising employees who are inspired to make a difference and introduce dynamics that support cost saving and increased revenues. The only difference between an intrapreneur and an entrepreneur is that an intrapreneur usually operates within an existing business.

So, what is it like to be an intrapreneur? Well, actually, it is no different from any other employee, except for the fact that you do not view your role as standard or within the parameters set up in the function description. Working for organisations that recognise this provided me with a platform to experiment and develop solutions that would aid cost saving and also increase revenues by identifying and developing new sectors and niches.

When you have established projects that lead to enterprising changes, these can become an integral part of your work and in some cases, as the project develops, the organisation can look to make time within the working schedule to allow you to develop this further. While working at 3M, I had to achieve targets associated with my day job; however, the organisation also incorporated time within my weekly schedule to work on projects outside of the remit of my role because the return on investment demonstrated would exceed the time taken out of my usual duties.

Key to creating an intrapreneurial culture is having a supportive organisation that is willing to work with you and provide you with the space to incubate new ideas. What has made working in an intrapreneurial way so much better is that these organisations have also recognised what support I need and, rather than putting me through standard training and development programmes regimented for the role, have adapted the training schedules to include topics and skills which enhance my expertise and allow me to deliver more.

In essence, intrapreneurship is all around us. An enterprising employee can make the difference between hitting targets and sustaining. Too often organisations believe that giving enterprising licence can be risky, time-consuming and threaten the business that they are focused on delivering. However, working with an intrapreneur is not about making everyone in the business enterprising. The organisation must look to identify those that jump off the page, show vigour and are constantly looking at ways of improving processes. These are the people that the organisation must support with training and space to develop new ideas and in return see results that will flourish from this level of investment.



Ketan Makwana, Director, Enterprise Lab, and former intrapreneur at 3M

Accidental entrepreneur
Ketan has started and sold a series of agencies since 2009 focused on business development, branding and growth.

Ketan has a focus and passion in business, enterprise and youth development. His current agency Enterprise Lab launched in summer 2011 and is now working on education, employability and enterprise programmes in 11 countries impacting 35,000 people.

Ketan is a non-executive director on a number of companies, sits on the advisory board for Youth Employment UK a national campaign and Enterprise India a campaign launched in India to bridge the link between UK and India to develop better enterprise opportunities.

Intrapreneur practices that work

- Find ways of supporting grass-root innovations – bottom–up.
- Not all employees can/will want to be intrapreneurs – think about your approach to selection and whether your organisation can support intrapreneurs.
- Get intrapreneurs in front of the right decision-makers.
- Connect workers to one another – ‘speed dating for innovators’.
- Aid connections and collaboration in larger or distributed organisations through social media tools (online profiles, blogs, wikis).
- Ensure intrapreneurs share their projects and success more widely – innovation breeds innovation.
- Don’t forget the failures too – there is great learning to be had from these, so don’t hide them away.
- As a manager, try to widen and amplify your intrapreneurs’ thinking and give them space to innovate.
- Adapt training schedules to include topics and skills which enhance intrapreneurs’ expertise.
- Finally, think about and anticipate the approach you’ll take if employees want to create.

Entrepreneurial leadership: What can we learn from the leaders who drive growth?

Many successful entrepreneurs have taken a fresh approach to leadership, building strong brands in partnership with their customers and staff, who are often described as a family or a community. Customers are no longer simply given a number for complaints, or even a feedback form; they are invited to events, involved in competitions and receive information and advice. More importantly, entrepreneurial leaders tap into their creativity by involving them in product and service innovation, design and testing, creating a virtuous circle to deliver a genuinely unique customer experience. This collaborative approach extends to building multiple strategic alliances with other established brands to benefit from their reach and profile.

Many entrepreneurial leaders are known for their passion and values, some setting up charitable foundations and demonstrating social responsibility by supporting local communities at home and abroad. As well as being a powerful draw to talent and customers alike, it distances their organisations from the unacceptable and uncaring face of business that can be associated with large corporations. With the passion we see a sense of fun and humanity that pervades their websites, social marketing and charitable activities.

This style of leadership requires a certain disregard for hierarchy, dissatisfaction with what is already on offer, a genuine desire to make a difference, a passionate belief in people and their potential and an ability to build strong relationships.

Values and sustainable business: A Suit That Fits

Warren Bennett and David Hathiramani combined a passion for suits and their own engineering and software backgrounds to simplify tailoring and bring back the idea of a local tailor for everyone. Using connections with local tailors made when Warren was volunteering in Nepal, the company continues to support local charities and value and invest in local craftsmanship. Warren says:

'We passionately believe in building long-term relationships through responsible business; achieving commercial success while respecting people, communities and the environment. We founded the business in Nepal, and firmly believe in contributing back into the community. Thus, we pay significantly over the local rate for manufacture, to ensure that both the quality demands of our customers are met, and that our tailoring team enjoy working with us. We fund projects in the Nepalese school where I was volunteering when I originally met a family of tailors. In the past we have fitted out a school science block and we are about to embark on a playground project.'

'We also recognise that around the globe there are amazing artisans who are highly skilled in traditional crafts. Our intention is to value, foster and encourage the traditional skills of Nepali tailors, which have been passed down over generations, so that they may be enhanced and maintained for future generations. A Suit That Fits is building its own apprenticeship scheme, thereby investing in the future of the Nepali tailoring industry.'

Like many entrepreneurial leaders, Warren supports charities whose work resonates with his own business (see also the alliance between Little Dish and Barnados below).

'For a number of years, we've been donating our sample suits to homelessness charities with work and learning divisions to help their members with job interviews. With 2.63 million people unemployed in the UK, last spring we took our contribution to the community one step further by launching a campaign to encourage the men and women of Britain to donate their unwanted suits to three homelessness charities – Amber, Emmaus and Broadway. The volume of support that the campaign generated raised awareness of the cause – resulting in over 1,000 donations!'

Entrepreneurial leaders have the knack of doing well in spite of the economic conditions around them. A genuine passion for building relationships and delivering a unique customer experience is the key.

Leading in tough times, Stott + Hoare

Stott + Hoare serves the IT hardware, software and services needs of corporate and government organisations, and small to medium businesses through a network of business partners and providers across Australia. It has stood the test of time for nearly a century and still manages to compete with high-growth start-ups in CRN's Fast50 Australia. Jim Loader, Managing Director, provides some insight on how to maintain that entrepreneurial spirit.

'When you look at some of the recessions and economic depressions there are always people who, through persistence and a positive mindset, build significant businesses and become millionaires when everyone else is struggling. In any circumstances there is always the opportunity to succeed.'

'The most important thing is to realise that customers need to be understood, really listened to and they will let you know what they need. A lot of leaders try to force customers to fit in with their products and services rather than innovate. We need our people to be respectful of customers and their wishes to do business with us when they feel right about it. It is about coaching staff to treat their clients and their colleagues in the same way.'

Jim recognises that businesses are now interacting with both their customers and staff in new ways. He believes that as traditional boundaries are blurred, leaders need to create the environment where people can be at their best.

'The more we evolve as people, the less differentiation there is between work and play. More people are interweaving work with pleasure and family and in each of those areas there are tough decisions to make. The more you can enjoy doing what you do and being yourself, the better results you will get for people around you and they will want to work with you and make things work for you.'

Hillary Graves, founder of children's fresh food company Little Dish, also has an eye to the future and believes it is about the ability to innovate while retaining quality. Through strategic alliances she has been able to develop the Little Dish brand while safeguarding its original values.

Keeping it fresh, Little Dish

Hillary feels that innovation leadership is essential to building a successful brand. *'We try to take time out for innovation days. We walk round the shops and see what other people are doing. We do off-sites to have conversations about new ranges. We go to the business library and do research or do focus groups in people's homes. The innovation outings we have planned are always at the bottom of the list, but we try to be really disciplined about keeping them in the diary and making them as important as day-to-day business.'*

Involving the customer through events, competitions and feedback has been an important strategy in keeping the brand fresh:

'The relationship with our customers has developed over time. We didn't have a Facebook site when we launched the business in 2006 and now we just got our 14,000th like last week. We can easily put together a survey in our newsletter that goes out to over 15,000 people and the feedback is so immensely valuable.'

Hillary takes a strong leadership approach around forming strategic alliances, which extend Little Dish's reach and impact. Hillary says, *'When you don't have a budget you are forced to be creative. We have set up strategic alliances and relationships that have helped us. Barnados, for example, have an annual "Big Toddle" where under-fives help other kids under five. There is tremendous synergy between our brands. We feed over 100,000 toddlers every week and could advertise the Big Toddle on our packaging, through all our marketing initiatives; it helped extend the reach for them and vice versa; it was a nice way to work and communicate the value to our own customers. Another example is Nickelodeon, a cable channel that reaches kids. In 2009 the marketing regulations said that you couldn't market unhealthy food products to children. They found us but we didn't have the budget for national advertising. We developed more of a strategic alliance over time where they gave us the media coverage up front and then we paid them a percentage of the uplift in sales. As a small company that really helped us manage our cash flows. So there are ways that you can work where you bring other values to the relationship and it can be really successful for both parties.'*

Viewpoint

Leading from the front: intuition and valuing everyone's contribution

From my experience of building Digby Morgan, a global brand, and from my observation of other successful entrepreneurs, it is clear to me that entrepreneurial leadership is not something that can be taught. It is a quality which is innate within leaders and something that can be developed through experience and belief. When Richard Branson launched his first mail order business selling discount records and clothes in the late 1960s, he was not following lessons he had learned on a business studies course; he was following his heart and his instinct. True entrepreneurial leadership draws upon our intuition. Fundamentally, it is an ability to make a powerful psychological connection with people and inspire them to believe that they are part of something extra special which is worthwhile and personally enriching.

Entrepreneurial leadership for me is all about giving a clear vision of where you are going as a business and sticking to that vision come what may. It's about resilience, passion, enthusiasm, hard work and authenticity. It is about creating a winning culture, it's about providing a great product or service and it is about constantly looking at ways of taking a business forward and improving how you do things.

When I look at successful entrepreneurs across all sectors, the most obvious feature I have found is how much the leader of a privately owned business sets the culture and values of an organisation. Essentially the business is an extension of that individual and employees will be inspired by a leader they believe in. It's as simple as that. If the leader creates a brand and culture which people are proud to be part of, the staff will be more engaged and will make the extra effort that will create a winning business.

Successful entrepreneurial leaders set out very clearly what the journey is, where the business is going, what the key milestones are and, most importantly, what everyone's contribution will be to achieving the desired outcome. Good entrepreneurial leadership also involves creating a non-political, blame-free culture where people feel secure in their roles as well as empowered to work in a way where they have influence over how they achieve their own individual success.

Trust in a leader is absolutely key to achieving a sense of security and this can only come from a leader who is sincere and authentic. It can't be synthesised. It has to come from the heart. The leader needs to set an example. He or she needs to be seen to be completely absorbed by the enterprise, hands-on when required and always leading from the front. They need to be positive and resilient in the face of adversity. And, most importantly, great entrepreneurial leaders create a culture which is non-hierarchical, where everyone's contribution is recognised and which is fun.



John Maxted, Chartered FCIPD, Founder of Digby Morgan

John Maxted is an entrepreneur who founded Digby Morgan, the leading international HR recruitment company, which was acquired by Randstad in 2011. John resigned as CEO of Digby Morgan following the sale of the business and is now actively involved with the homeless charity sector, politics and working with private companies as an adviser and investor.

Leadership: entrepreneurial practices that work

- Successful entrepreneurial leaders need persistence and a positive mindset.
- Listen to, involve and engage your customers (through, for example, events, product feedback and competitions).
- Make your customers part of your creativity strategy.
- Take time out for innovation days and for learning from others.
- Put something back into the community.
- Work can be fun – create an environment where people love to work.
- Build strategic alliances with organisations and entities that share your values.
- Create partnership arrangements that work for you (for example, Little Dish and Nickelodeon's financial partnership arrangement).

Entrepreneurial talent management: How do entrepreneurs resource, develop and manage their talent?

A successful entrepreneurial organisation is able to attract like-minded talented people who are keen to become brand ambassadors. Companies that are shortlisted for awards gain huge advantage from the publicity generated, but this means that expectations of new recruits are inevitably high and managers need to develop skills in engaging creative people in order to maximise their contribution to the business.

Flat structures can provide a challenge in terms of career progression and reward, but there are other compensations in the form of flexible roles, autonomy, opportunities to learn, working with creative or multidisciplinary teams and close contact with customers and alliance partners. Strengths-based approaches are popular, where individuals' talents are used to the full and people are encouraged to pursue their creative passions both at work and sometimes, with sponsorship, in non-work-related activities. In the last section we considered the sense of fun that entrepreneurial leaders often bring to their organisations and there are many creative examples of non-financial rewards that recognise staff as individuals with a life outside.

In this part of the series our case studies share how they have been able to create a strong employee value proposition, where talent management practices constitute a powerful draw to talented and ambitious individuals and creative and caring organisation cultures ensure high performance.

Attracting talent, Little Dish

As an entrepreneur, Hillary Graves believes that surrounding yourself with talent is vital and her brand is geared to attracting the best. Her part-time team of brand ambassadors build relationships across the UK and even her young children have roles as chief tasters. Staff and customers form the Little Dish family. At the same time she sets high expectations:

'There is no room for mediocrity. One weak person can slow the whole train down, so my advice is to focus on the quality of the people that you hire, making sure that they share the values of the organisation, that they have a great work ethic, they believe in the mission of the company and that they love coming to work every day. In return your responsibility is to create a culture that makes people feel engaged and motivated.'

Little Dish is very clear about its employee value proposition: *'We are not offering the most competitive salaries in the market; people join Little Dish to be part of a very exciting, growing, dynamic company that is making a difference from both a social and a commercial perspective.'*

'We recently made a very important hire for the company without using a formal recruitment agency. We tried first to use our network of friends and colleagues through social media and we can really spread the message through our website and newsletter. The calibre of applicants was extremely high and there was a robust interview process with several sessions to meet everyone on the team, get a feel for the office, and an understanding of our way of getting things done, which can be very quick and straightforward compared with an organisation with more layers and processes.'

Employee involvement is also very important: *'We have been able to recruit great people who are drawn to making a difference socially, as well as the personal fulfilment of being in an organisation where if you have a great idea, within nine months it can be on the shelf.'*

Attracting good candidates is one thing, but ensuring people perform to the best of their ability is another, and retaining the entrepreneurial spirit over time is even more challenging. Jim Loader of Stott + Hoare takes a holistic approach in a competitive market to creating a high-performance culture.

Well-being and performance, Stott + Hoare

Jim has always been interested in watching and analysing how people behave and has developed a coaching style of leadership. In the tight labour market of Perth, Australia, he offers an unusual employee value proposition for a highly competitive sales environment that is based on a genuine belief in people, a high level of trust and concern for their well-being.

'If people feel good, they do their best work. If they are relaxed, which might sound strange, but if you are not disturbed emotionally when you are busy, you think more clearly and are more capable of getting good results. It is important to get people to feel good about themselves to help them achieve higher performance, be receptive to new ideas, make suggestions and willingly take ownership and responsibility to achieve goals. People aren't productive eight hours a day. They need to be able to relax. Something might happen that doesn't go their way and that can happen at different times for people during the day. They might want to go outside, go for a drive, have an early lunch, or they might have a family issue and feel they need to be somewhere else. If you force them to be at work you are not going to get their best performance. In allowing them that freedom you hope that they are going to want to make up the time because there is a natural human instinct to give back what you get.'

Achieving the second-highest revenue per employee in the recent CRN Fast50 Australia, Jim's holistic approach to performance management is also proving successful. *'A lot of businesses expect the impossible of people, setting targets based on last year's results or their own expectations, but people are facing a unique set of circumstances every day and they are dealing with people who are giving them business at their pace, not our pace.'*

'I usually look to the environment they are in and the challenges that they are being asked to achieve. The first thing I look at is whether the targets they have are realistic, is the market going to support that growth, why are customers not receptive? Is the person presenting the product in the right way or does the product not meet customer needs? The reason someone isn't succeeding is usually something to do with what is going on around them rather than their own performance. You have to pick the right people to start with of course – people with the right work ethic and attitude and outlook on life. Sometimes people need to be motivated in other ways or may need to find a job that is more suited to them. But if you get the right people who have been successful and hardworking before, then it is a case of giving them more knowledge about products or different customers to sell to until you find that "sweet spot".'

It is often said that talent attracts talent and being recognised as the best place to work, where talent management is a central business imperative, creates a powerful employee value proposition. Talented people who are attracted by the Man Bites Dog brand can expect excellent career development and early promotion.

Putting talent at the heart of your business, Man Bites Dog

Business-to-business communications consultancy Man Bites Dog knows that talent is at the heart of its success. Consequently, support and development is given a high priority and the organisation has been recognised for this with four consecutive Best Place to Work industry awards from *PR Week*. Claire Mason, Managing Director, is thrilled with their progress: *'We have won PR Week's Best Place to Work for the last four years. We won a bronze in the first year the awards was running, then silver and then gold and then they changed the category and we were awarded overall winner. That was a really lovely trajectory to keep getting better each year, and we made a real effort to do that.'*

When it comes to people development, or 'training cats and dogs' as it's known in the consultancy, there are an array of offerings with on-demand individual business and life coaching, communications and management training, a retained team business coach and external training from a range of providers including the PRCA and Cranfield School of Management. Mason explains: *'We specialise in communications for the service economy so we work with incredibly smart people on complex global business brands. Investing in the development of our pedigree pack of consultants is critical to our success.'* This enhanced

attention to development means that on most occasions Man Bites Dog is able to promote from within, with the average time to promotion being just 11 months. As Mason maintains: *'The aim is to promote from within as much as possible and there's no ceiling on progress: because the team are smart, ambitious and self-motivated and we put their development plans in their own hands, people tend to move up the organisation quickly.'*

When it comes to attracting talent, Mason finds that many people come to them direct, having come across the brand and identified with Man Bites Dog's culture and values. *'Recruits like our website because our personality comes across and, particularly for graduates, our Facebook page gives a fun insight into life in the Dog House.'* They also offer a six-month paid graduate internship with a couple of intakes a year and find great people through that. The aim for the future is to develop a strong talent pipeline: *'A good subs bench of people who we have already identified who can come on board quickly as the business grows.'*

A high priority is also placed on ensuring employees are engaged and creating a fun working environment. Subsequently, staff were very much involved in the design of Man Bites Dog's new Brighton HQ, which has a deck leading to beach hut meeting rooms, a circular brainstorming room and an ideas forest. There is an open-plan kitchen (which converts into a cocktail bar on a Friday night – complete with disco ball and billiards table) and a shower to enable employees to go swimming in the sea at lunch time. A key selling point is that the organisation offers a London career with a Brighton lifestyle – working on global business brands from a seaside location.

Mason is keen that staff are treated in the same way that the business treats their customers: *'When the team are working hard to go the extra mile for clients, I want to make sure that we are giving the same level of service to them – ensuring they feel valued and have the support they need.'* To that end, a rotating account executive representative joins monthly board meetings to share requests, ideas and questions from the team. Employees also take a 10% profit share in the business, which fosters a sense of shared purpose. The organisation is also committed to helping charities, devoting 5% of its time to staff-selected pro bono clients.

Viewpoint

Attracting and developing talent and evolution

We started in 2006 with just a handful of people and a passionate belief in what we were doing. Those founding employees were all personally known or related to us. We recruited people who shared our vision and values; they were completely aligned to where we saw ourselves and the business going.

As a result of this we quickly grew our business and with that the people who were on the journey with us. As just one example, Emma, who joined as our receptionist, quickly took on more tasks – as much as anything because there was just no one else to do them. She's now our head of PR.

We've got many stories similar to this where people who had the drive, ambition, shared vision and sheer determination and energy have risen to the challenge, taken themselves outside of their comfort zone and achieved the most amazing results for both the business and themselves.

Without the open-mindedness of all of us, those career developments never could have happened. Larger businesses tend to have self-limiting beliefs in their staff's talent, putting false barriers in the way of people developing to their full capability and uncovering their natural talents.

We still believe in developing our talent from within, but we also attract exceptional talent from outside who bring with them unique skills and experiences and want to accelerate our big plans for the future. We hire people who love our brand and what we offer both our customers and our partners. It's an exciting time to join notonthehighstreet.com – a company where talent has the opportunity to flourish. We don't tolerate mediocrity, so everyone we work with has to be as outstanding as the things we deliver for our customers.



Holly Tucker MBE, Co-founder, notonthehighstreet.com

Holly Tucker is co-founder and chief executive officer of award-winning online marketplace, notonthehighstreet.com. Founded in 2006, the site provides a retail platform for more than 3,500 small creative and entrepreneurial businesses. After starting her career in advertising and sales, the inspiration for notonthehighstreet.com came when she created Your Local Fair, well-marketed upmarket fairs that were staged in affluent areas of London and the south-east.

Talent management: entrepreneurial practices that work

- Focus on the quality of hires (shared values, work ethic, work enjoyment).
- Sell to candidates what makes your company unique.
- Let candidates know that there will be real opportunities for business involvement and decision-making – *'if they have a great idea it could be on the shelf in nine months' time*.
- Use your networks, customers and social media to get the best recruits in a cost-effective way.
- Get the well-being and performance balance right – don't expect the impossible.
- Find the individual's 'sweet spot'.
- Encourage your talented people to share their knowledge and network inside and outside of the organisation.
- Recruit for the business you are aiming to be before you get there.

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