

Rialto White Paper:

Encouraging Employees to act Like Enterprising
Entrepreneurs

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Contents

1. Introduction	4
2. The Nature of the Entrepreneur	5
3. How Employees tend to Differ from Entrepreneurs	6
4. Making the Shift – Motivation is the Key Issue	7
5. Handling the Change	9
6. How the Organisational Culture Can Help or Hinder	11
7. The Shift Toolkit	13
8. Looking to the Future	15

1. Introduction

Leaders are fully aware of the characteristics they want their people to demonstrate in organisations. They want them to deliver results whilst maintaining good relationships, go the 'extra mile', to show initiative and take the lead as situations unfold. Yet many employees don't see the point in this philosophy. They just see 'management' wanting more out of them without giving anything in return. Why should they bother? It's not my job to do this becomes the belief of the day!

We have to move our people from the old 'employee' mindset to one which demonstrates enterprise, initiative and passion for the work of the organisation. Is this possible? Yes, it's about developing the entrepreneur within.

The organisational world is changing. Jobs for life no longer exist in any sphere. We are increasingly moving towards a performance based culture whereby individuals will need to perform at a high level in order to justify their salary. The future is not going to be about 'doing your job' and surviving by keeping your head below the parapet. It will be about individuals being proactive, taking calculated risks, showing initiative and nipping problems in the bud rather than sitting on the fence, playing internal politics and hoping someone else will handle the problems.

In short, we are moving towards an organisational world where we will want individuals to act more like entrepreneurs than employees. We are looking for individuals who see themselves as a business within a business and harness the same amount of energy to bringing the organisation's vision into reality as they would if it were their own business.

2. The Nature of the Entrepreneur

So what makes an entrepreneur and how can we harness the energy that is within each of us to serve the organisation? There are four aspects to being an effective entrepreneur.

Firstly you need to deliver a quality product or service that customers identify that they want and need.

Secondly you need to handle the marketing and sales issues effectively and thirdly take care of the financial aspects. However this is just what I call level one entrepreneurship - working with your own independent organisation rather than with an established business.

The real driver of entrepreneurship is the sense of passion than most entrepreneurs display – passion for their product, taking it to market and creating a growing enterprise. Most business schools tend to focus on the mechanical sides of quality, marketing and finance, leaving the vital areas of passion, leadership, innovation, commitment and personal resilience to fate and chance.

3. How Employees tend to Differ from Entrepreneurs

It's about mindset and motivation. For many employees having a job provides a comfortable security and suggests the guarantee of a paycheck at the end of the month. There are perceived benefits such as holiday pay, sickness benefit, and probably pension rights as well as the social contact with others and the status issue, certainly in some jobs. This all adds up to the idea that a job gives you security for the future.

In the modern world this is an illusion. Real job security derives from being exceptional at what you do, having the right attitude and adding value to the organisation. The old idea of a job for life no longer exists – it's about acting like an owner of the job with a personal investment in the organisation rather than simply going through the motions of working and not causing too many problems to the employer.

This employee mindset seemed to work well in the past where organisations had the ability to cope with less than peak performance on the part of their workforce and employees felt comfortable. However today, we seem to be entering an era where many people are becoming disillusioned with the idea of putting their trust in an organisation to look after them and the maintenance of their lifestyle.

That disillusionment extends to both public and private sectors and will almost certainly increase as redundancies and layoffs increase due to the economic situation and government cuts.

What organisations are going to have to focus on in the future is how to create a culture and a working environment where people feel they can achieve a sense of not just job satisfaction but job delight carrying out work about which they feel truly passionate

4. Making the Shift – Motivation is the Key Issue

So how do we shift people from the employee mindset to the entrepreneur mindset? To see how to do this we need to re-examine motivation, what makes people tick and the needs they display in the workplace.

Maslow talked in terms of the hierarchy of human needs and Herzberg identified that the unsatisfied needs that demotivate people are not the same as the things that motivate people when satisfied. He called these hygiene factors and motivators.

The world of project management has given us that people need to feel a sense of autonomy and fairness as well as being connected to others and feeling a degree of significance. We can put these ideas together to identify a powerful yet simple set of needs which leaders need to satisfy for their people if they are to avoid them being demotivated and then to unlock their potential.

Basic needs which must be satisfied to avoid demotivation

- ✓ A feeling of status and significance
- ✓ Variety in the work
- ✓ A degree of certainty about the sustainability of their job role
- ✓ Feeling connected to the organisation
- ✓ A sense of fairness in the way they are treated by the organisation

No matter how well the needs above are satisfied they will not produce the high levels of motivation and passion for the work we need for the future.

What really seems to motivate people are the following three needs which leaders must satisfy in addition to the above basic needs:

- ✓ Enabling the person to feel that they are growing as a person in capability
- ✓ Feeling that they are making a valued contribution to something worthwhile
- ✓ Feeling a sense of autonomy that they are 'in charge' of their part of the organisation's effort.

If we satisfy these needs we will not only inoculate our people against being demotivated but will also greatly enhance the chances of their becoming passionate about their work and developing that level of passion that the successful entrepreneur has when running their own enterprise.

5. Handling the Change

Some years ago a study was carried out with over 20 organisations in various parts of the world to identify the essential issues to which effective change. Leaders at the top of organisations need to pay attention if they are to engage their people in new ways of thinking, feeling and working.

The five key factors were:

- ✓ Creating understanding about the required changes
- ✓ Communicating effectively
- ✓ Releasing and unlocking the potential in your people
- ✓ Setting an example of how you want people to behave
- ✓ Having a controlled approach to the pace of the changes required

For some employees this new mindset and way of thinking as an enterprising entrepreneur within can take some adjustment and we need to address all the above five issues to lead people effectively to new ways of operating at work.

The idea of shifting an employee's mindset is not a new one. In the 1980s it seemed that there was a move to shift leadership approaches from command and control towards more inclusive ways of working with people, ways which would unlock their contribution level rather than keeping the lid on it.

We saw the empowerment movement of the 1990s where the three issues of alignment, competence and willingness to be empowered and developed were identified. Box 1 gives an example of how this attempt occasionally misfired in practice.

Example Case Study - Handling Change

I was invited to visit a medium sized electronics company as part of a business delegation from a local university. A very enthusiastic newly appointed MD escorted us around the plant and took us to the flagship manufacturing process which the company had pioneered.

He asked the operator to stand aside whilst he described how the process worked, in a not very convincing way. It was clear that the machine operator was bursting to tell the delegation about the features and benefits of the process but it was made clear by the MD that her contribution was not welcomed.

I subsequently become the MD's coach and we discussed this situation which he simply had not been aware of. The outcome was that we created a presentation skills course to train all leading operators of the manufacturing processes to deliver to visitors a clear, concise and compelling explanation of how their part of the operation worked.

The exercise was a great success and the company went on from strength to strength and it became known as a regional showcase on how to develop enterprising front line workers and supervisors.

Inspired by this success I decided that this process should be introduced to all my manufacturing clients. The next company with whom I worked was in the mechanical engineering sector. The HR manager simply sent out an email to all machine operators to tell them they were all going to become presenters of their part of the operation. This almost brought about a strike as the supervisors joined forces to complain that this was simply a devious move on the part of the management to offload work which they should themselves be doing.

Moral: Create understanding and get buy in to the all-round benefits to any significant culture change process you are considering adopting

6. How the Organisational Culture Can Help or Hinder

Sometimes organisational cultures do not even want to acknowledge that their people have great strengths, particularly in terms of what they do outside work. We have to move towards a view of organisations that promotes the value of people at all levels.

The head of one well known car manufacturer has a monthly meeting with the person who is in charge of cleaning the lavatories in the corporate headquarters to ask that individual about how he likes living with the product, a medium sized saloon car.

Whilst many leaders would not pass the time of day with those who maintain the fabric of their corporate headquarters this leader took account of the fact that this employee had invested his own money in the company's product and as such was a very significant person who could make a valid input to the continuous performance improvement programme.

People need to feel significant and Dale Carnegie identified many decades ago that the satisfaction of self esteem is often ignored particularly with employees who are at the lower levels in the organisation. We need to emphasize the value of people if we want to engage them and encourage them to act as owners.

Example Case Study – Don't Lose Your Entrepreneurs

Bill was the head of the electrical maintenance section for a large FMCG company. He attended his first management development course and became really fired up at the changes he wanted to make to his section.

He created a detailed proposal over a weekend to present to the operations management team the following Monday. He expected a very positive reaction as the proposal would save the company a considerable amount of money. However when he delivered his proposal to the operations management team he received a very negative reaction particularly from a senior manager who was playing politics and who was intent on taking over the part of the factory in which Bill worked.

The outcome was that Bill's proposal was dismissed as impractical and he was criticised for acting and thinking above his level of responsibility. Bill subsequently started to apply for other jobs outside the company and after a few weeks was successful.

In less than two years he became manufacturing director of his new company. His previous employer had implemented half the development story. The first company had fired Bill up and developed high levels of aspiration and motivation and then squashed that achievement by the insensitive handling of the operations management meeting.

Moral: They lost a highly valuable employee by encouraging him to act as an owner and then failing to follow through with appropriate support. Bill is now helping to make another company rich whilst satisfying his own career needs.

7. The Shift Toolkit

We not only need to inspire employees to emulate the mindset of the entrepreneur but we also need to support them so that carry out the right behaviours each day.

Each one of us has a philosophy about what work means to us. For some it is a way to pay the mortgage, for others it is social status and for others it is a human network of which they enjoy being part. Our philosophy depends to a great extent on our beliefs about ourselves, other people, our work and the organisation of which we are part. The world of psychology has given a useful way of working out how our beliefs help us interpret the events that we experience and the consequences of those interpretations.

It is called cognitive behavioural therapy and suggests that how we interpret events depends on our belief system and those interpretations result in consequences in terms of what we think, how we feel and how we behave.

If you change the belief about an event, you change the interpretation which in turn changes what you think and feel about the event and then how you behave. If we want to change employee behaviour into entrepreneur behaviour we have to operate at the individual's belief level of what all the aspects of work mean to them.

For example in creating and running a small business then two very key financial aspects become apparent particularly in terms of cash flow management. We need to cut costs and increase revenue whilst maintaining relationships with clients by paying bills in reasonable timescales and collecting invoice payments promptly.

Example Case Study – It is paramount to develop financial awareness in ALL employees

I once worked for a large public sector institution as a break from consultancy work and to have the opportunity to develop my knowledge base and bring myself up to date with modern thinking on organisational development. Part of that role was to connect the institution with useful contacts in London particularly in terms of business networks and government committees.

As a consultant I was used to obtaining hotel rooms, rail tickets and airfares in the most cost effective way, saving a considerable amount of money. This was important particularly as I spent money on travel and accommodation months some time before being reimbursed by clients. The institution decided it wanted more control over travel expenditure and so insisted that all air and rail fares together with hotels would be booked by a central travel unit. I was used to paying around £65.00 for my hotel bed and breakfast and around £45.00 for the rail fare.

Keen to integrate into the operational procedures I asked the travel unit to obtain a return rail ticket for me and to book a room in my normal hotel. They did so£98.00 for the rail ticket and £286.00 for the hotel room! A staggering £274.00 more than I would have paid. When I queried the cost with the central travel unit the response was “I don’t care, it’s not my money”.

No wonder that a few months later (after the Chief Executive had awarded himself a massive salary increase!) the institution entered a period of major financial problems resulting in over 100 layoffs and redundancies.

Moral: We need to develop financial awareness in ALL employees and develop people into being ‘business owners’ of their own part of the organisation.

8. Looking to the Future

So how do we put these ideas into action? What is our toolkit for encouraging employees out of the command and control position into empowerment, engagement and acting like an owner? Here are some starting points to address:

1. Carry out a motivation analysis to see how well the needs of status and significance, variety, certainty, connection and fairness are addressed to avoid people becoming demotivated.
2. Work on satisfying the 'growth needs' of capability development, recognition of valued contributions to something worthwhile and giving people the sense of autonomy that they are in charge of their part of the organisation's effort.
3. Handle the five change facilitator factors of creating understanding, communication, releasing potential, setting a good example and not overloading people by asking for too much change at once.
4. Develop financial awareness on the part of all employees of the impact of their actions
5. Remember you can't change the way people work unless you change the way they think, particularly at the belief level.
6. Find out how other cultures encourage their people to work. For example the Japanese 5S approach of removing unnecessary work, organising the workspace effectively by de-cluttering so that things do not get lost, ensuring that people focus on being clean and tidy, removing things which can cause problems such as certain administrative issues and striving to maintain the quality of the work and the workplace every day.

7. Encourage people to think of themselves as a business within a business each having his or her own production, finance, sales, marketing and administration departments.
8. Remember that the most important need of every human being as suggested by Dale Carnegie in the 1930s is that of self-esteem. What actions can you take to enable your people to become really proud of themselves and their work? Can you think of creative ways of recognising their good efforts?
9. As Jim Collins said in his book “Good to Great” it’s not just our people who are our most important asset and resource but the right people. When you are choosing people to work with you try to find people who want to achieve success rather than avoid problems, who are proactive rather than reactive and who can cope with both the big picture and the appropriate details at the same time.

So does every one of us have an entrepreneur within? It may not be true in all cases but if we act as if it is a real possibility then we have a significant opportunity to develop the enterprise and entrepreneurial mindset throughout our organisation.

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