

Leading Change in the Entrepreneurially-Focused Organization

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Erba, Joseph. (2010, December 29). Leading Change in the Entrepreneurially-Focused Organization [Web log message]/ Retrieved from <http://leadershiplaunchingpad.blogspot.com/2010/12/leading-change-in-entrepreneurially.html>

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Successfully leading an organization of any form or size must incorporate the leader's vision with a well-grounded strategy of how the organization will move towards that vision. The premise here is that the term "entrepreneurial" refers to a mindset of thoughts and actions rather than venture creation; which can be an outcome of this mindset, but not a prerequisite of such. Those actions include allowing innovation to thrive by redefining the definition of "failure" and executing a strategy through proactive forays into existing and new market arenas.

It's fair to say that in order to implement a strategy, the leaders must be able to effectively manage the resources at their disposal, albeit financial, operational and most importantly, the human resources of the firm. If we accept the basis that "Management" focuses on the transformation of inputs into outputs, on maximizing the available resources at their disposal and coordinating those resources for the benefit of achieving goals and objectives, we can also contend that "Leadership" focuses on exploiting the corporate capabilities of the organization to reach their objectives, while also exploring how to challenge and change these capabilities in order for the organization to stay relevant and build some level of sustainable competitive advantages.

Yet regardless of how dynamic or charismatic a leader or leadership group is, or how compelling their value proposition may be to their internal and external audiences, a series of fundamental challenges face them at every turn.

These challenges include defining (or in some cases redefining) the direction of the company in light of an ever-changing business environment, assessing the capabilities and competencies of the teams of managers and contributors that form the core capabilities of the organization, while attempting to address the societal challenges of changing demographics and lifestyles in the environments served.

So in a rather simple way, we can say that a leader is a juggler, a balancer, an individual framed in the present, but focused on the future. As these leaders articulate their visions, their missions and goals for their organizations, their role becomes one of a communicator, one of supporting the messages presented both vertically and horizontally through their organizations.

In the context of corporate entrepreneurship, we understand that the three drivers of innovation, risk-taking and proactive behaviors create another set of compelling challenges, especially when the organization is facing some level of change (such as redefining their markets, renewing their strategic direction or looking externally for available partnerships). The premise here is that change in itself is no longer an "event" rather an integral part of the strategy of the firm.

Yet embracing change requires constant and consistent messaging. Communicating throughout the organization must be effective enough to challenge the organization to move beyond the comfort levels of their current positions to areas of potential uncertainty without disrupting the balance of the organization.

Studies have indicated that these efforts of communicating throughout the organization are steeped in a process of social learning involving the roles that each person (leadership, managerial or individual contributors) has assumed either formally or informally throughout the organization.

As organizational members interact and exchange information, roles and role expectations develop. As roles develop, leadership takes on the task of “architecting” these interactions. The leadership goal here is to assure that these interactions foster effective exchanges of information between the role players, so that there is a shared understanding of the strategies and goals, while creating some congruence between the organization and the follower’s self-interests.

For many of us who have experienced “managing“ or being managed, we understand that the process entails a wide variety of behaviors, both formal and informal. We accept that there may be a difference in expectations of the people interacting with managers/leaders. These differences of expectations create the opportunity for conflict. These differences center around personal beliefs of what the organization needs to accomplish, how it should be accomplished and who should be accomplishing it. These differences are driven by experiences, based on someone’s primary functional position within the firm or their actual or perceived “positional” power within the company.

All these different roles and/or beliefs lead to disconnections over which roles to play and the possibility of inconsistent messaging. Here, leadership and all levels of management need alignment or uncertainty prevails, leading to tension and role conflicts. If managers themselves are in conflict with their roles, organizational dysfunction forms. People avoid challenges (the opportunities for innovation, risk-taking and proactiveness); creating stress on the organization, people decide to leave (usually the best and the brightest) and the organization is stymied.

Therefore, the concept of consensus on the dominate logic (shared understanding on the need for change) is critical to effective leadership. This leads to a shared understanding, role clarity and hopefully greater trust throughout the organization.

Last, leadership needs some mechanisms to develop this consensus and trust to support their strategic directions. This leads us to three possible measures; market controls (objective criteria for evaluating new ideas/opportunities), bureaucratic controls (standardized behaviors and performance assessment) and clan controls that rely on the corporate culture to create a feeling of belonging while reinforcing the values of the organization.

References: Morris, M., Kuratko, D. and Covin, J., Corporate Entrepreneurship & Innovation; 2e, 2008