

ENTREPRENEURS MUST BE LEADERS

PART 1/2



Column
By Richard Martin
www.alcera.ca
rmartin@quedition.com



As an entrepreneur or small business owner, perhaps you're wondering: Why do I have to be concerned with leadership and being a good leader?

Maybe you think that this is real "in the trenches" business, and that leadership is for managers who work in big companies.

I think it's wrong to believe that leadership isn't necessary to be successful in business. Leadership is the art of influencing others to achieve a desired goal or outcome. At least one of our goals as entrepreneurs is to get others to buy our products and services. That is all about influencing others.

That, to me, is the essence of leadership. It's about working with others to achieve common and mutually favourable outcome. We just can't coerce people to do business or deal with us, and that requires a respectful approach that assumes others are free agents, willing and able to shop elsewhere.

Whether it is selling to a new client, or convincing a job applicant that we're the best option for them at that time, as entrepreneurs we must convince people to follow us and to invest in us, both literally and figuratively.

Just who are these people that an entrepreneur must lead and influence? I can think of a few examples: investors, shareowners, bankers, clients, spouse, children, parents, siblings, suppliers, employees, job applicants, work colleagues, business partners, social acquaintances, fellow members of charitable and other organizations.

We can classify all of these people into four generic categories: family, backers, clients, and employees. What are their characteristics and what do we need to keep in mind to effectively lead and influence them?

FAMILY. This is probably the most important, yet also the trickiest, group. The reality is that, as entrepreneurs, we need a support network to help and encourage us through the hard times. Family can provide that support like no other. But it can also undermine our goals and the means to achieve them if we are unable to exercise our authority as business owners or to get the support and encouragement we need.

There are a number of reasons for this, but it all boils down to two things, authority and rivalry. When we're dealing with strangers or employees or business associates of various kinds, we can afford to be rational and to keep emotions relatively quiescent. That is much more difficult with family members.

Parents have authority over children, at least until they reach majority. Even then, some people try to exercise parental authority over their grown children. Some children are willing to subordinate themselves to their parents or to an older sibling well into adulthood, usually for business reasons. This creates a world of issues for entrepreneurs who employ them or are trying to create a place for their children and siblings within a family business. Sibling rivalry

Leadership is the art of influencing others to achieve a desired goal or outcome.

is very common within family-run businesses, as is occasionally spousal rivalry.

I'm not an expert in family business, but I do believe it is critical to exercise prudent leadership and management and to treat family matters holistically, especially if you are working together in business. Even if you aren't in business with them, you have to respect the fact that your spouse and children may have different goals and interests in mind. The fact that you are in business is probably also very taxing on them, in terms of time, attention, and finances. As for working with family members, it is best, in my mind, to define clear roles and responsibilities and to exercise leadership accordingly and in line with the particular business relationship you have. If you are the CEO and your brother is sales manager, then treat him as the sales manager. If you're training your daughter

to take over the company, then you have to treat her as you would any other senior manager who will succeed you.

BACKERS. This category includes anyone who invests in your business, or backs you up in whatever way. This includes investors, partners, bankers, suppliers (especially if they are providing credit), government regulators and other government officials that can provide an advantage or support, such as a bureaucrat who can allocate grants and subsidies.

Last year, an inventor who wanted my help to apply for a government grant contacted me. He was very enthusiastic about his invention, and I could definitely see its business potential. He needed the grant to invest in a production facility so he could get the ball rolling with his business. When I contacted the government agent responsible for the file, he told me that the inventor had been hacking around with this business idea for about five years. He had made little progress in addressing key problems related to business strategy, the business model, marketing, production, sales and human resources. The agent was quite willing to help the inventor, but he told me plainly that he just didn't see the leadership and the managerial ability needed to turn the good idea into a real business.

Good ideas aren't nearly enough. If that were the case, there would be many more successful businesses and many more successful entrepreneurs. Most businesses fail within two years, regardless of how good the product or service on offer. They fail because of poor management, poor leadership, and poor entrepreneurial skills. For people to back an entrepreneur, whether as an inventor or a convenience store owner, they must have confidence that the he or she has a reasonable chance of success. The ability to influence others and to lead them to successful outcomes is what separates successful entrepreneurs from the also ran's. ■

Richard Martin is the founder and president of Alcera Consulting Inc. He helps entrepreneurs, executives and businesses to thrive in the face of rapid change, risk, and uncertainty. He is an expert in leadership and developing outstanding leaders. You can find more information on his website at www.alcera.ca, where you can also subscribe to his newsletter, Leadership Catalyst.