

ENTREPRENEURS MUST BE LEADERS

PART 2/2



Column
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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?

Clients. This is perhaps the most surprising category. Why should anyone care about an entrepreneur's leadership if they are going to buy something from them? Often, that may be the case, for instance with a one off purchase such as a car or a vacuum cleaner or another consumer item. But what about services, especially if they entail delivery over a longer term or a personalized relationship between the buyer and the seller?

In my consulting and coaching business, I often work with my clients to create long-term change in them, their business or their organization. I must exercise due diligence and care about the best interests of my clients. They need to know that this is the case, and to truly believe it. I certainly do. It is all about creating a trusting relationship where I can influence them to make necessary changes. Some of these can require a lot of courage to make. They may also require convincing bosses, colleagues, and employees about the need for the changes and their expected benefits. All of that requires leadership.

The same holds true for many other types of buyer-seller relationships. Think of the hairdresser who tells her client: "Trust me, this look is going to do wonders for you." That seller is exercising leadership with her client, whether she realizes it or not. How about the investment advisor or the insurance broker? She tells her client what she needs to hear and what is in her best interests, not necessarily what her client wants to hear or thinks she wants. That is the essence of leadership.

Employees. This is the most evident application of leadership in small business. Sadly, though, I often find it is missing. There are a number of reasons for this, but I think it usually boils down to two things. The first is a lack of experience in leadership, and the second is an attachment to things as they are, to taking what is perceived as the easy solution. Let's look at both in turn.

I've heard more than a few business owners bemoan the lack of a work ethic amongst younger employees. I've also heard many complain about workplace

legislation that restricts what they can say and do to employees. What this really boils down to is this: a feeling by the owner that employees must be just as motivated and just as interested as they are. The reality is that employees don't have access to most of the upside potential of the business. The fact that they don't take the risks is also true, but it is beside the point. People are free agents. They need to be convinced of the need to do things. That can take time. They also need to be trained. They need explanations.

They need responsibility and they need some control over the content of their work and ownership of the results. Many business owners just don't want to bother, so they reap what they sow: poorly motivated employees who need constant supervision. The solution is more leadership, not less.

The second reason for poor leadership amongst entrepreneurs is the attachment to the status quo. A few entrepreneurs I have spoken to are secretly terrified of their employees. That's right. They are afraid that if they are too demanding or start laying down some rules, that the employees could quit. So what do they do instead? They let the employees get away with a lot. The real issue here isn't fear of the employees, it is fear of the consequences if one of the employees leaves. That would create work. The employer would have to be sure of his or her rights as an employer. They would have to be reasonably sure that they have given an opportunity to the employee to correct bad behaviour or performance. They would have to go through a staffing and hiring process, and retrain a new worker. In other words, they prefer to take what they perceive as the easy solution, even if it isn't in their long term best interests, or those of the employee. Once again, the solution is more leadership, not less.

To conclude, we've seen that leadership is essential to entrepreneurs and business owners. Even if you work alone, you may have to exercise leadership on a daily basis. It might not be with employees, but it could be your banker, your spouse, a sibling, that new client who is worried about the approach you've proposed and needs support with his boss.

Entrepreneurship takes courage, vision, persistence, and determination. Guess what. So does leadership. You already have many of the basic qualities and skills needed to be a successful leader. In fact, you probably already exercise leadership on a daily basis but don't realize it. You can be even more successful if you make that an explicit goal: to become a more effective leader. You will benefit as an entrepreneur, and you will benefit as a person. ■

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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.