

Leadership, Culture and Entrepreneurship*

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Do start-up companies require a distinct form of leadership and culture, or is the success of new ventures largely a matter of developing the right business model and putting certain fundamentals in place irrespective of culture and leadership style? How many of the customers who are attracted to the attributes, availability and price of certain offerings are concerned about the culture of the organisations supplying them and how they are led?

What does a call for a more entrepreneurial culture actually mean? If factors as varied as responsible risk taking, competitive offerings and effective pricing are required for business success could a winning combination of them be assembled by entrepreneurs from a variety of social backgrounds, religions and nationalities and with different attitudes, beliefs and values? Both new and long established businesses need to be affordable, relevant, efficient, flexible and sustainable.

Many companies are transitioning to more flexible forms and portfolios of multi-locational teams and interconnected work-groups. People network, share insights, raise questions and address issues as they arise. What are the implications of these changes for entrepreneurs, boards and executive leadership teams and for relationships between them? How will such developments affect the relative power and positioning of directors and managers? Will cultural requirements be affected?

How will contemporary trends impact upon leaders of new ventures? Will they reduce the requirement for executive intermediaries between entrepreneurs and front-line staff, customers and other stakeholders? How will start-up boards and executive teams respond? Many entrepreneurs have questioned the value of boards and non-executive directors (Coulson-Thomas, 2007b). Do start-ups need them? How should founding entrepreneurs, executives and non-executives work together to discuss and develop the leadership required at each stage of a company's development?

Changing Leadership Requirements

When responding, who will act in the best interests of companies, their founders and stakeholders and who will protect and promote their self-interests? What forms of board and executive leadership are required for evolution to the more effective forms of high performance corporate organisation and operation that are now possible? What should different groups – founder directors and CEO and management team - concentrate on? Should visioning be a matter for the board or a joint activity? Should employees, customers and business partners also be involved, and if so how and when?

New ventures are not the only enterprises facing uncertainty. As markets become more turbulent, periodic exercises such as visioning or corporate planning may need to become continuous. Occasional away days may need to be replaced by new ways of enabling founders and those charged with looking after shareholder interests to carry out fundamental reviews and reassessments. Because the question of whether a change of direction is required might arise at any time directors will require new ways of themselves staying in touch with evolving developments.

New situations, circumstances and realities may require a reassessment of the distinctions between entrepreneurship, direction and management. For example, hitherto many boards have established broad frameworks of vision, purpose, values, direction, goals, objectives and policies. Between occasional or annual reviews many CEOs and senior management teams (SMTs) have discretion on matters of implementation, subject to monitoring and questioning at monthly board meetings.

Many boards have remain focused on strategic matters and have avoided involvement in operational

matters. They have left the CEO and SMT to communicate vision, purpose, values, direction, goals, objectives and policies across an organisation and secure awareness, understanding and commitment to them. How does this model work with start-up companies which rapidly pass through different stages of development and when strategic reviews are required more frequently, and involve a widening range of people who have signed up to what an organisation is about?

Leadership and Culture

Culture is sometimes viewed as a core component of leadership (Block, 2003). It is over thirty years since Baker (1980) suggested that culture can be managed, although more recently questions have been raised concerning whether this is possible (Coulson-Thomas, 2014; Pettigrew, 1990). A desire to change behaviours as situations, circumstances, requirements and priorities change might be understandable, but why the emphasis upon changing corporate cultures? Is culture change possible, desirable and actually needed in order to change behaviours as businesses develop?

Much depends upon one's view of culture. Elliot Jacques (1951) adopted a pragmatic view of organizational culture and defined culture in terms of a “customary and traditional way of thinking and of doing things”. Others see behaviour as one manifestation of culture which reflects social, economic, ethnic, national, religious, educational, family and other experience. Such roots might also influence personal aspirations, assumptions, expectations, pre-dispositions and views.

Edgar Schein (1989) identified various elements of culture which he categorised in terms of artefacts, values and basic assumptions. However, if one focused upon how best to undertake particular jobs or tasks that many people find difficult, would they willingly adopt a quicker, easier and more rewarding way of doing them? While influencing behaviour, many elements identified by Schein may not need to be altered in order to change an approach to particular jobs. Conduct can be changed independently of culture (Coulson-Thomas, 2012 a & b, 2013).

Changing an entrenched way of thinking and general behaviour may seem a significant challenge. An investigation into more cost-effective, quicker and less disruptive routes to high performance suggest some aspects of a deep-rooted culture and sincerely held beliefs may be very difficult to change. In comparison, changes of behaviour can be quickly and relatively easily achieved (Coulson-Thomas, 2012a & b, 2013). The findings suggest the recent focus upon corporate values and cultures is difficult to justify as changing them is often problematic and unnecessary if a change of behaviour is sought, while cultural diversity can be a source of innovation and spur creativity.

Culture and Entrepreneurship

The ability to develop and utilise competencies, or to do things, is especially important (GroÈnhaug and Nordhaug, 1992). Can how the more effective practitioners do certain activities and how they tackle difficult tasks be captured and shared? The Winning Companies: Winning People research programme examines practices in areas critical to corporate success. Participant's attainments are ranked in relation to outcomes achieved from the most to the least successful and the approaches of high and low achievers, for example, those in the top and bottom quartiles of accomplishment, are then compared to isolate critical success factors that explain differences of attainment.

The surveys were undertaken in association with relevant professional and/or representative bodies. For example, the study of purchasing (FitzGerald, 2000) involved working also with The European Institute of Purchasing Management, and the examination of pricing (Coulson-Thomas, 2002a) was done in collaboration with the Chartered Institute of Marketing. Other studies were undertaken of competitive bidding (Kennedy and O'Connor, 1997, Coulson-Thomas et al, 2003), key account management (Hurcomb, 1998), corporate learning (Coulson-Thomas, 1999a) and managing

intellectual capital (Perrin, 2000). The tools and skills required have also been identified (Bartram, 1999 & 2003; Kennedy, 1999 & 2003; Coulson-Thomas, 2007c, 2012a & b, 2013).

Over 20 research reports have been published. In total, over 4,000 organisations from smaller firms to major corporations have participated in the research programme. Some 2,000 of these have contributed to studies to identify critical success factors for key business development activities. The findings are remarkably consistent across sectors, corporate nationalities and different sizes of organisation (Coulson-Thomas, 2007c). The databases are refreshed with the results of bespoke benchmarking and the findings do not appear to be changing significantly over time. With the right tools average people can be helped to emulate the approaches of higher performing peers and adopt their superior ways of doing these often difficult jobs (Coulson-Thomas, 2007c, 2012a & b, 2013).

Entrepreneurial Leadership and Flexibility

The need for flexibility is increasingly important. Schein (1991) defined culture “as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”. As already mentioned, the best way of undertaking a particular task can vary as different considerations evolve and as new problems arise. Performance support frameworks can help people to adapt quickly (Coulson-Thomas, 2007c, 2012a & b, 2013).

How things are done may need to change as a business grows and develops, shifts its focus or direction and adapts to shifting customer preferences, changing tastes and market pressures. As a start-up business takes on new people and acquires larger premises both the allocation of tasks and how work is done may need to change. A new business may quickly pass through a series of stages and attitudes and practices may need to adapt quite rapidly to remain relevant and appropriate. It may not make sense to seek to build a standard corporate culture that might soon become outdated.

Ideally, how things are done should reflect the nature of a business, its situation and circumstances and its stage of development. In the case of a company that is operating in a fast moving area and/or is likely to rapidly grow a determined effort to instil a particular set of assumptions, beliefs and ways of doing things could be a recipe for stagnation and business failure. Instead, there may be a strong argument for keeping these areas open and retaining both diversity and flexibility.

Entrepreneurial Leadership and Culture

Entrepreneurial opportunities can come in many forms and be relevant to a wide range of people who are looking for a change of direction (Coulson-Thomas, 1999b, 2001 & 2003). Where a business sets out to attract customers from different nationalities and religions, and with differing values and beliefs, retaining cultural diversity or cultural neutrality may be a best strategy. Bringing in consultants to build their view of “an entrepreneurial culture” may result in attitudes, beliefs and practices that are inappropriate for the next stage of development or changing requirements.

Beyond motherhood statements such as “customer focus” or “putting the customer first” what specifically are the practices that those who call for more entrepreneurial cultures are seeking to instil? If the requirement is for more creativity, why not take practical steps to encourage and help people from a range of cultures – both current and future – to be more creative? Whether or not creativity is important and where it is required will depend upon the nature of the business. With a franchise operation success may require the close observation of a particular model of operation.

Smart entrepreneurs start with customers, their requirements and what represents the greatest value

for them and is most likely to result in purchases, whether due to availability, speed, price or a combination of various factors. A customer may just want the product or brand and he or she may be indifferent as to the attitudes, beliefs and values of who is supplying it. How many prospects would buy an inferior or more expensive alternative just because someone employed by the supplier happened to have certain cultural characteristics? As Milton Friedman (1962) pointed out when selecting the best tomatoes customers may not discriminate for or against their growers.

Evolving Forms of Organisation

How many leaders do start-up and contemporary businesses need? Modern connectivity and communications enable the results of reviews, changes and developments to be quickly shared across an organisation and its supply chain (Coulson-Thomas, 1992, 2002b & 2004). Corporate social networks enable their implications to be discussed, appropriate support provided and any issues raised on a 24/7 basis wherever people might be, including when on the move. In such circumstances, other than ensuring the effective operation of corporate networks – a task which like others could be outsourced – what value do traditional layers of management add?

Will the tight models of some internet businesses with a few people working from home and monitoring brand values and intellectual property rights, and contracting on a flexible and temporary basis with whatever resources and capabilities are required to quickly address windows of opportunity, become more prevalent? What do such lean and agile companies that are seeking to avoid being locked into expensive commitments actually need to own? How many people will they require when relevant capability can be hired from providers of specialist support services? What does corporate culture mean when the business is a network of very different relationships?

A confident entrepreneur or group of founders could introduce a degree of democracy into an organisation to seek feedback, sound out opinions, secure comment and allow participation in agenda setting and/or decision making. Various options for electronic voting exist, some of which can enable real time responses to rapidly changing circumstances. In relation to board membership and decision making it may be helpful to consider customers and those who are closer to them.

Reviewing Leadership Arrangements

Owner directors may be intimately involved in the activities of a start-up. As a business grows a separation of ownership and control may occur and governance arrangements may evolve (Coulson-Thomas, 2007a). With incorporation a company's affairs, capabilities, operations and performance become the responsibility of directors appointed to look after the interests of owners. It is for the board to agree a scheme of delegation. As an enterprise further develops directors should review how they operate and discharge their responsibilities. They will need to decide what activities to undertake themselves and which to delegate and to whom, whether to a CEO and SMT or directly to particular groups that are closer to customers, such as channel and business partners.

What sort of leadership should a board exercise? What other leaders and leadership qualities will be required across an organisation to ensure effective governance, efficient execution and the engagement needed for corporate success? Some people may be required to take on new leadership responsibilities, while for others a change of emphasis may be needed, for example from top-down motivation to the provision of better help and support to those who are already engaged and who share the purpose and values of an organisation (Coulson-Thomas, 2012a & b, 2013).

Given the cycle of annual general meetings, reports and accounts, stakeholder relations may need to be revisited as a business grows. Where an organisation is evolving, mutating and regularly reviewing and altering its priorities, capabilities and focus in response to changing market

requirements what are outside investors signing up to when they buy stock? In six months time, might a board have a different view of risk? As companies enter new markets, embrace innovative technologies and move in different directions what information will interested parties require?

Encouraging Engagement and Building Trust

If certain stakeholder groups are involved in new relationships with entrepreneurs, founders, boards and/or CEOs and directly engaged in reviewing the purpose of an organisation and its priorities fewer management intermediaries and smaller head offices and core teams may be needed. New requirements may arise such as ensuring mutual understanding, that participation opportunities are not abused, and that determined but unrepresentative minorities do not secure undue influence.

In more democratic and network organisations the issue may be trust irrespective of culture and across cultures rather than corporate culture *per se*. Leaders may need to ensure tolerance and mutual respect across a diverse range of interests, stakeholders and cultures if particular groups are not to be excluded. While protecting intellectual property and other rights they also need to be alert to vested interests, hidden agendas and risks of infiltration, radicalisation and fraud.

Relationships between founders and followers, leaders and led, directors and managers or between executive and non-executive directors sometimes involve misunderstanding and a degree of distrust, if not mutual hostility. Perceived gaps between rhetoric and reality and aspiration and achievement can magnify differences, especially when people lower expectations, engage in rationalisation, search for alibis or blame scapegoats rather than take responsibility (Coulson-Thomas, 1992).

Sometimes it is advisable to clear the air and encourage different parties to understand each others contributions. Greater unity and mutual respect can result. For example, executive directors who complain that non-executives do not understand “the business” may come to appreciate the wider perspective and awareness of how things are done in other contexts that independent directors can bring to the boardroom. Non-executive board members may better appreciate how full time and executive members of the board complement their own contributions.

Removing Barriers to Effective Leadership

Many current managerial and leadership positions depend upon the existence of hierarchies. Those occupying these positions have a vested interest in justifying their existence and perpetuating bureaucratic forms of organisations. Often they will invent things to do and create work for each other, a phenomenon that is particularly evident in public sector bodies and where unions actively seek to prevent improvements that would reduce staff numbers.

From the perspective of customers and service users many “managers” and “leaders” are irrelevant and only serve as a source of distraction for those in the front-line who would otherwise be working to address their requirements. From the perspective of the boardroom these same managers and leaders within the corporate bureaucracy are “walking overheads” who act as a barrier between directors and those further down the organisation who are actually delivering value to customers.

In order to increase performance some boards look for ways of bypassing the gatekeepers within the corporate organisation who slow things up, distort their messages and claim credit for what other people do. To avoid gatekeepers they communicate directly with people in the front-line, key work-groups, customers and other stakeholders. Other directors look for new business and e-business models that enable customers to increasingly help themselves. The efficient operation of fulfilment systems may be the issue rather than the cultures of the people involved across a network.

Eliminating Unnecessary Leadership

Where customers, those in the front-line and key work-groups share a vision articulated by an entrepreneur or board, are self-motivated, assume responsibility and are well networked, sharing insights and collaborating to address issues as they arise by making direct contact with those who might help, the need for layers of management, intermediate leaders and top-down motivation and monitoring is greatly reduced. Beyond an entrepreneur's vision and the strategic direction provided by the board how much external leadership do responsible, self-managing and self-policing work-groups actually need (Ingram and Emery, 2015)?

It is also difficult to imagine a great need for managers and additional leaders when there are few people to manage or lead. Increasingly work activities can be automated or performed by robots, drones or expert systems rather than by people who are employed. Those that remain may be coordinators, advisers or helpers dealing with multi-locational and virtual teams rather than the traditional managers and leaders who have been required to supervise immediate colleagues.

The many teams and various entities that make up a network organisation may be so varied, and their responsibilities and activities so different, that it may make little sense attempting to introduce a common culture in the sense of a shared set of approaches, attitudes, beliefs and values, whether entrepreneurial or not. Such leaders as are required might be better advised ensuring that critical success factors are in place and that each team, entity or work-group excels at its core tasks. This could be done by providing personalised performance support (Coulson-Thomas, 2012a & b, 2013).

Introducing Greater Speed and Flexibility of Response

Life-cycles of products and each generation of technology are shortening. Customer requirements and priorities can change. Flexibility, keeping options open and avoiding fixed and overhead costs rather than “leadership” or “culture” have become more important. As well as new organisational models, different contractual arrangements with people are required that can enable operations to be rapidly scaled up and reduced again as waves of opportunity come and go.

Where quicker responses are required, many traditional approaches to corporate learning and transformation and change, knowledge and talent management are no longer relevant (Coulson-Thomas, 1999a, 2012a & b, 2013). They are overly expensive and disruptive. Situations and circumstances can change long before they deliver, even if they were successful.

Contemporary entrepreneurs require cheaper and more cost effective routes to high performance such as a flexible performance support frameworks and tools that are accessible 24/7 whenever required and can be easily updated as required (Coulson-Thomas, 2007c, 2012a & b, 2013). 'New leadership' shifts the emphasis away from top-down command and control and towards helping people and providing them with better support.

Ensuring Focus and Relevance

Many corporate leaders have become accustomed to multi-year programmes to introduce a particular corporate culture, way of working and learning, or model of operation. Today many organisations have to accommodate greater diversity and simultaneously address multiple requirements. How, when, where and with whom people work, the approaches they use, even a business model and form of operation may need to change from one major project to another.

People and resources need to be freed up. If structures, models and operations are continually changing, more attention needs to be devoted to simplification and reducing the number of

corporate initiatives found in many organisations, especially projects aimed at achieving excellence in areas that are not visible to customers, differentiators or sources of competitive advantage.

Addressing leadership succession issues by traditional means such as costly high-flier programmes might also no longer be appropriate. Future talent requirements may be difficult to predict. Retaining teams of expensive people who may or may not be needed for short-term requirements as they arise may not be affordable. Instead, the emphasis needs to be upon enabling key work-groups to be current and to excel at new situations as they arise (Coulson-Thomas, 2012a & b, 2013).

Where once leaders presided over bureaucratic structures and corporate processes that were periodically reviewed and restructured or re-engineered, many of today's organisations are portfolios of projects and networks of relationships that evolve and adapt to suit changing conditions and requirements. If there is insufficient time to assemble a perfect team or build an ideal structure, the issue for leaders might be relevance rather than excellence and ensuring that capabilities remain current and competitive.

Contemporary Leadership Requirements

Detachment rather than involvement is becoming an increasingly important requirement. Thinking can be as important as doing. As is the case with directors, more leaders need to stand back, view an organisation as a whole and assess whether its vision, purpose, people and other capabilities are still appropriate. Capabilities can represent significant costs and in competitive markets when gold plating is not affordable the emphasis may need to be upon ensuring resources are accessible and just good enough to do what is required to satisfy customers as and when required.

In uncertain times traditional planning is increasingly problematic and may need to be replaced by intelligent steering as carefully worked out and standing strategies are replaced by vigilance, alert antennae and a commitment to accommodating changing requirements, confronting challenges and seizing opportunities as they arise. Flexible, responsive and networked organisations are living and adapting organisms (Coulson-Thomas, 1992, 2002b & 2004). Their leaders need to be concerned with adaptation and senses rather than culture and structures.

There will be some who suggest that with better performance support frameworks, systems and tools in place people in front-line roles should just focus on excelling at their jobs. However, as barriers to entry are reduced and markets become more open, individuals and teams at all levels will need an external perspective in order to identify and assess emerging challenges and opportunities and influence the help and support they will require to cope. Increasingly, those closest to customers and most aware of changing requirements may be involved in discussion of how best to respond. Dependent employees need to become active partners in creating a better future.

As business start-ups expand and evolve and people within and across key relationships assume greater responsibility, actively participate in corporate social networks and become more intimately involved in decision making in increasingly open and democratic organisations, leadership requirements will change in terms of the number and type of those involved. Some boards may conclude that new and different leadership roles and qualities are needed. Steps may have to be taken to identify, attract, engage and develop appropriate people.

Given their accountabilities, there will be new demands upon directors to ensure the leadership arrangements of their organisations are appropriate to their aspirations and their situation, context and stage of development. Those who understand the language and requirements of new forms of organisation and who know how best to respond will be in demand and attract a premium.

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