

Focus on Management

How Growth Leaders Think Like Entrepreneurs

BY ROBERT WILTBANK, PhD

FOR FIVE years, several colleagues and I have been researching expert entrepreneurs - those individuals who have at least 10 years of experience as entrepreneurs in combination with major success in their endeavors. We're working to identify their approach to decision making in uncertain situations. We've found that expert entrepreneurs often employ certain logic: to the extent that we can shape the future, there's no need to predict it. To them, pouring over market forecasts, analyzing industry trends, and conducting lots of formal research is a distraction from their central task.

Tapping Into Entrepreneurship Talent

As we set out to study leaders of organic growth initiatives, we knew that comparing them with entrepreneurs could provide some useful insights. Even though we were looking at managers in large, established organizations, we could see they faced many of the same challenges that define the entrepreneur's world: What will the offering include? Will we be able to find customers for it? How will competitors respond? Who should be on the team?

Both growth leaders and entrepreneurs are surrounded by uncertainty. In fact, about half of the individuals we worked with had some entrepreneurial experience outside the role they played in their organization.

We could have been tempted to get to the root of the similarity between the two groups by comparing personality traits and past experiences—who these people are. Research on entrepreneurial traits, however, suggests that traits alone don't tell the whole story. So we decided instead to compare how entrepreneurs and growth leaders think—in particular, how they make decisions in environments of uncertainty. We found strong evidence

that growth leaders approach challenges of uncertainty in much the same way that seasoned entrepreneurs do.

We also found that expert entrepreneurs think about means and ends in a distinctive way. They often don't approach entrepreneurship as the pursuit of opportunity regardless of resources. To them the question is not, "What means do I need to accumulate in order to achieve my goals," but "What ends can I create with the means already at my disposal?"

New Ventures Using Existing Knowledge

To develop this idea, my colleagues and I developed new-venture scenarios with varying degrees of uncertainty to test participants' reaction to information. Each participant indicated how they would go about acquiring information with each scenario. "As you assemble information, you will (a) talk with people you know to enlist their support in making this become a reality or (b) study expert predictions of where the market is heading." "As you develop a marketing approach, you will (a) forecast which segments will be most valuable and focus on them or (b) focus on customer segments you can reach through your existing relationships."

We were surprised at the extent to which our growth leaders were entrepreneurial in this regard. In the scenarios filled with uncertainty, they focused on creating the future instead of trying to predict it. For instance, rather than researching the ideal target market, they would work through existing relationships to create an attractive market with them. We also found that the growth leaders were more flexible than expert entrepreneurs, willing to shift strategies in response to different levels of uncertainty.

Through our interviews with growth leaders, we found further support for the similarities between them and

entrepreneurs. In talking about how they had pursued specific initiatives, they sounded many themes of entrepreneurship: a creative use of partners, a focus on leveraging existing resources, and a general avoidance of making decisions on the basis of forecasts, instead relying on cooperative efforts with customers, channel partners, and employees.

Entrepreneurship in Organizations

Why is it useful to know that entrepreneurs and the growth leaders we studied approach uncertainty in similar ways? It could be that one of the keys to reinvigorating revenue growth in many businesses is to help people think the way entrepreneurs do.

Additionally, this entrepreneurial mindset can help to move existing organizations beyond the concept of "focusing on core competencies" into actionable principles that actually find novel ways to put those competencies to work.

It's important to remember that we aren't arguing that control approaches are used at the exclusion of more predictive approaches. We are talking about the intelligent use of both. In uncertainty that may mean emphasizing control, as expert entrepreneurs do, which has important effects on opportunity identification, strategy formulation, and cooperation with others that can make your organic growth efforts more distinct and successful. ■■

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