

ARE ENTREPRENEURS THE REAL BARRIER TO GROWTH?

Often they are, but if they can learn to stop meddling and start managing ,then both they and their businesses can start to take off.

Cranfield School of Management has been studying the behaviour of entrepreneurs and their relationship with key staff in some thousands of growing UK companies. One conclusion the Cranfield study has reached is that entrepreneurs are themselves most likely to be the biggest barrier to the growth and development of their own company. Cranfield clustered entrepreneurs into four dominant types of relationship with their staff; HEROES, MEDDLERS, ARTISANS, or most desirably STRATEGISTS. Strategists give their managers the tools to do the job and let them get on with running today's business, whilst they plan for their future. Fewer than 5% of entrepreneurs in our sample have achieved the status of Strategist.

There is a considerable amount of evidence gathered from past Cranfield studies showing that most small firms don't think about their future strategy very much. For example, fewer than a third of small and medium enterprises across Europe set their objectives in terms of profit and margins. This is somewhat surprising as profit and profitability are the key measures of business success. However, as over two-thirds of owner-managed companies with a turnover of £10 million and below do not have a plan at all, it should come as no surprise that few entrepreneurs are strategists.

Other research has uncovered the alarming fact that 60% of senior staff in small firms leave within two years of their appointment. Some of these premature departures can be put down to poor recruitment - for example, half of all key staff in small firms are recruited via personal contacts, a notoriously variable method at the best of times - but the largest part is down to the relationships formed between the owner-manager and their key managers, which are often not conducive to achieving growth.

The researchers studied two key elements of this relationship. The first element studied was how much time the owner-manager spent on routine management tasks such as marketing, selling, analysing figures, reviewing budgets or arbitrating between managers. On average, with the exception of the group of entrepreneurs who were still preoccupied with basic non-management functions such as delivering their service or making their product (e.g. architects, small builders, retailers) over 85% of an entrepreneur's working day was spent on these routine management tasks. The owners' behaviour can be more easily understood by showing this graphically, as set out in the graph below. A low score on the "y" axis indicates either that most time is spent on basic non-management functions; or that most time is spent on strategic issues such as new product or market development, improving market share, acquisitions and divestments or diversification. A high score indicates that the owner-manager is still largely pre-occupied with routine management tasks.

ARE YOU AN ARTISAN?...

The second element examines what level of business skills has been attained by the key staff and this is plotted on the "x" axis of the graph below. Here a low score would be where most of the management team were relatively new to their tasks or largely untrained for their current job. An example (true, believe it or not) of this would be an unqualified book-keeper trying to produce the management accounts for a £5 million business. A high score would be where people were mostly either specifically qualified or trained for their current job. If we had replaced the unqualified book-keeper in our earlier example with a fully qualified accountant who had been in post for a year, then this would merit a high score.

RELATIONSHIP BETWEEN THE OWNER-MANAGER & HIS KEY STAFF IN A GROWING FIRM

KEY STAFF BUSINESS SKILLS

		Low	High
Owner-manager's occupation with routine management tasks	Low	ARTISAN 5% ↓	STRATEGIST 5% ↑
	High	→ HERO 30%	→ MEDDLER 60%

The Artisan in the Cranfield model is typified by low occupation with routine management tasks - because most of his or her time is spent producing a product or delivering a service. The level of business skills in the company is also low. Most of the Artisan's staff are employed helping in "production" or carrying out primary tasks such as book-keeping or selling. The owner-manager is very much "one of the gang" still. Artisans can encompass professional firms such as architects and surveyors, manufacturers, sub-contractors or small building firms; owners of small retail chains such as chemists, video stores and proprietors of hotels and restaurants.

Little time is available either for routine management tasks such as analysing performance or reviewing methods. Every hour that can be sold is sold, and little time is left over to either improve the quality or profitability of today's business or to consider strategy for tomorrow.

The Artisan business has low growth prospects, relative to the market. To grow the business, requires raising awareness that management as a business task is of equal importance to daily revenue earning.

ARE YOU A HERO?...

The owner-manager Hero, by contrast, probably heads up a management function such as sales or production. But if, for example, he or she heads up sales their job consists less of selling (except perhaps for handling some key accounts). His or her time is now spent on managing the business. As the level of business skill among employees is still relatively low, he or she will take the lead in initiating routine management procedures. Typically the Hero reads up on or attends one-off courses on various managerial topics. The Hero will introduce them to the firm, and be the only person who really understands them; to his managerially illiterate team he will consequently be seen as a hero.

Unfortunately the Hero has a Herculean task on his or her hands. Shedding the "doing" tasks is relatively simple as the working skills in most businesses are either readily available in the local community or people can be trained up, without too much difficulty. But sharing out routine *management tasks* will almost invariably require that the owner-manager trains up his or her own management teams. There are relatively few well-trained managers available to the small company, for two main reasons. First, the overall pool of such people is small. Managerial training in the small business sector has historically been concentrated very largely on the Entrepreneur. Second, well-trained managers usually seek jobs in larger firms with more opportunities for advancement and more resources with which to practise the "art of management". The Hero has a high capacity for improving the performance of the business but still has low growth prospects relative to the market. He or she has no time for strategic thinking and no depth of management to handle growth effectively.

If he or she seeks to grow the business, the training and development needed are to help raise the general level of management skills in the business, whilst at the same time increasing the Hero's own grasp of motivation, leadership, organisation design and development, and of strategic management issues in general. If the Hero fails to do this, as most do, he or she becomes a *meddler*.

The Meddler raises the firm's level of management skill either by training or recruitment, but then fails to let go of routine management tasks. At this stage, according to the Cranfield model, the owner-manager probably has no functional responsibilities and has assumed the role of managing director. Typically, he spends much time second-guessing subordinates, introducing more refined (but largely unnecessary) management systems. He or she also goes on courses or reads books that make him or her even more knowledgeable and sometimes better at routine management tasks than subordinates, who are by now anyway doing a perfectly satisfactory job of managing today's business. The Meddler gets in early, leaves late and practises "management by walking about".

One owner-manager in the study still gets in to let in the cleaning staff and leaves at 8.00pm "when the neighbouring car park closes".

ARE YOU A MEDDLER?...

The Meddler's problem is that he or she can't let go of routine management tasks. If they do, the day will feel empty. Meddlers are typically used to a 70-90 hour week, with only ten days holiday each year. Once a management team is in place and trained, the Meddler is out of a job. But until a Meddler reduces involvement in routine management tasks the growth capacity of the firm will be limited, for two reasons. First, the management team won't take on more responsibility if the reward for taking on the last lot of responsibility was being nagged and criticised. Second, the Meddler is too busy checking on people to develop sound strategies for growth.

As nearly 90% of entrepreneurs are either Heroes or Meddlers, according to the Cranfield study, it follows that most entrepreneurs are a significant barrier to growth in their own firms.

The Strategist is the most desirable type of entrepreneur to develop a growing business. Strategists develop the management skills of their teams to the highest appropriate level and in depth. They may introduce a staff function to help line managers in such areas as personnel and market research, thus freeing key managers to think strategically too.

An ideal Strategist will devote roughly a third of his or her time to management tasks such as monitoring performance, co-ordinating activities, resolving conflict, and helping to manage today's business.

Another third of the ideal Strategist's time will be spent motivating, counselling and developing the management team and helping them to manage change. This activity is aimed at improving the existing business. The final third of the time will be spent on developing strategic thinking to form the shape of the future business. The Strategist's training needs will be to update constantly core leadership and motivation skills and to increase his or her depth of knowledge on strategic issues, acquisition or divestment activity, and on building his or her network of peers.

The natural path of development for the relationship between the owner-manager and his team, is to pass from Artisan to Hero to Meddler and - for the lucky few - on to become a Strategist. However, the right kind of training intervention can help short-circuit this progression, allowing a relatively smooth transition of roles, with the management team taking over most of the entrepreneur's routine managing tasks, and the entrepreneur moving his energies to making "a new business for a new tomorrow", to borrow Peter Drucker's phrase. In this way Heroes can become Strategists rather than Meddlers and the firm can then realise its full growth potential.

OR ARE YOU A STRATEGIST?...

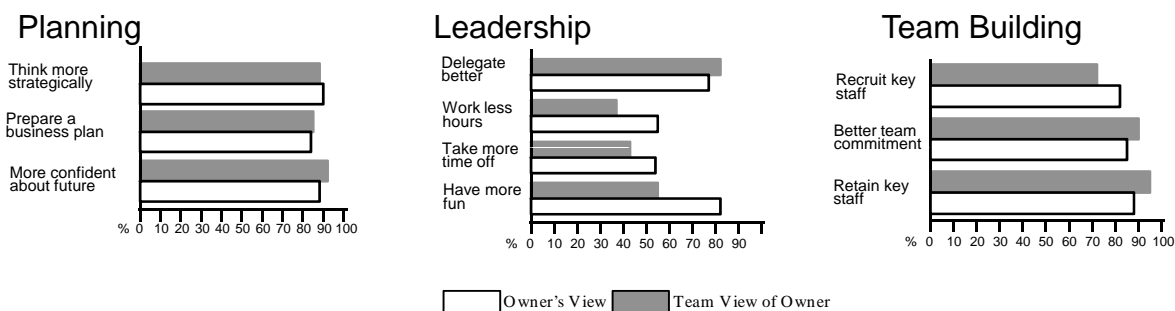
You can use the attached questionnaire to see whether you or your boss is a Hero, Meddler or Strategist.

Cranfield programmes for entrepreneurs and their businesses have been running since 1988. Our approach using this model by way of an explanation of the barriers to growth has paid dividends.

In a recent study we explored the outcomes of participating in Cranfield programmes, to see whether these had helped owner-managers views to do their job better. We probed ten aspects of the boss's job and sought not only the owner-managers' views but also those of management teams reporting to them.

In all the critical areas both the owner-managers and their teams felt the management development they received had helped them improve in every way. The majority felt more capable of thinking strategically, to plan the future and have confidence in those plans, and build and manage better teams. In short, they had become *strategists* which, equally as important, was noticed by their key staff.

Getting better in every way...



Source: *Training Definitely Pays*, Cranfield

The Strategist Questionnaire

Complete the following questionnaire to find out if you are a Strategist, a Hero a Meddler or simply an Artisan when it comes to managing your business.

Instructions

1. Complete the questionnaire, scoring each question 1 for agree and 0 for disagree.
2. Transfer your completed scores to the profile grid.
3. Total each column of the profile grid.
4. Plot your personal histogram using the profile scores from the grid.

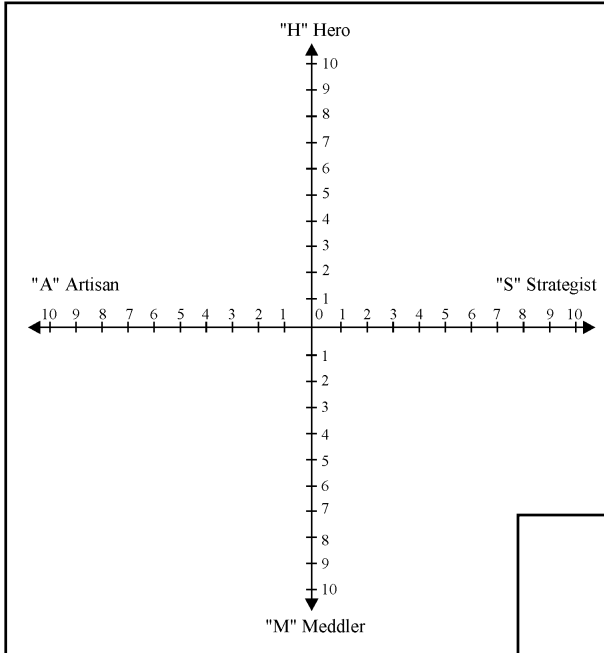
1. I don't believe in asking anyone to do a job I can't do myself.
2. Sod's law says that if things can go wrong, they will go wrong. I'm here to keep my finger on the pulse.
3. I've managed to free up my time so that I can spend almost two days a week on creating tomorrow rather than managing today
4. Few people would be in any doubt that I'm the boss.
5. I live, eat and breathe the job 24 hours a day. My loved ones would probably say they suffer
6. I believe in a high and continuous investment in appraising, training and developing the management team.
7. I'm quite happy to roll up my sleeves and get stuck in.
8. Sometimes the only way to get something to happen is to do it yourself.
9. I place a high reliance on regular downward briefings.
10. I try to spend as little time as possible on the day-to-day management processes.
11. I would bet that 10-20 potential crises hit my desk each day. My job is to solve them before they explode.
12. I'm usually the first person in the office and the last to leave in the evening. I rarely take holidays longer than one week.
13. I communicate primarily by setting the vision of where we're going and the values or 'way we do things round here'. I'm not interested in the detail.
14. My job is to make the decisions around here, and I do.
15. I don't believe in creating distance. I'm very much one of the gang.
16. I probably spend 75 per cent of my time on routine management tasks, particularly checking and cross-checking that things get done.
17. Although I try to 'walk the job' my primary internal role is to resource my immediate management team.

The Strategist Questionnaire

18. I don't think anyone would complain of lack of direction from me.
19. I believe in a hands-on style of management.
20. My primary role is to ensure our day-to-day revenue and make sure that every hour that can be sold is sold.
21. I believe one year ahead is about as long-term as one can realistically get.
22. I spend approximately one third of my time on routine management tasks, about one third motivating, counselling and developing my managers and one third on the future of the business.
23. I tend to rely on 1-to-1 communications and the written word. I scan all the post and emails, write lots of memos and always check the agendas of meetings.
24. I like the whole technology of what we're doing. The product is intrinsically interesting.
25. I need to be respected first, admired second, hated third and ignored fourth.
26. I'd like to be remembered through the business and people I've grown. I don't need to be famous.
27. I personally deal with irate or dissatisfied customers.
28. My skills come to the fore in times of corporate turn-around and crisis. I can pull the rabbit out of the hat when needed.
29. I take pride in a job well done, that we produce the product and deliver a service.
30. I have to keep control of a huge mass of detail. There's little time to worry about strategic development tomorrow.
31. Asked whether I'm the greatest, most people would say: 'We did it ourselves.'
32. Because my management team is inexperienced I generally find that where I lead others follow.
33. I rely on informal communications on an ad hoc basis.
34. I'm spending a lot of time introducing and fine-tuning management systems to do with operating procedures and people procedures.
35. I'm trying to make a new business for tomorrow.
36. Most of our people are concerned with getting product out, or tasks such as book-keeping and selling.
37. I spend a lot of my time on personal business training programmes, making external presentations, etc. I'm known in the industry, and they do tend to ask for me rather than any of my staff.
38. I've made a big investment in trying to train my team and drag them kicking and screaming into new ways.
39. Turning managerial 'mice' into 'men' is one of the challenges I most enjoy.
40. Survival today is the name of the game.

Profile Grid

Q1	Q4	Q2	Q3	
Q7	Q9	Q5	Q6	
Q8	Q11	Q12	Q10	
Q15	Q14	Q16	Q13	
Q20	Q18	Q19	Q17	
Q24	Q21	Q23	Q22	
Q29	Q25	Q27	Q26	
Q33	Q28	Q30	Q31	
Q36	Q32	Q34	Q35	
Q40	Q37	Q38	Q39	
TOTAL	A	H	M	S



Please transfer your scores from the profile grid and plot your personal histogram

