chapter 19

Professional Management in the Entrepreneurial Firm

PART 5
Managing Growth in the Small Business
Entrepreneurial Leadership

• What is Leadership?
  ➢ Involves pointing the way: creating and communicating the entrepreneur’s vision of the firm.
  ➢ Varies in a business as it grows larger and more mature.

• Leadership Qualities of Founders
  ➢ A tolerance for ambiguity
  ➢ A capacity for adaptation
Leadership Styles

Four leadership styles
(Blanchard leadership program):
1. Directing,
2. Coaching,
3. Supporting, and
4. Delegating.

These four styles vary in three ways in terms of:
• the amount of **directive** effort the leader provides,
• the amount of **supportive** effort the leader provides,
• the amount of **associate (subordinate) involvement** in decision making
Encouraged Behavior

Managers influence others by using two types of behavior:

- **Directive behavior** is the extent to which a leader tells an associate what to do, how to do it, and when to do it, and then closely supervises performance. **Key words:** structure, organize, teach, and supervise

- **Supportive behavior** is the extent to which a leader lets the associate (subordinate) take responsibility for directing his or her own work. **Key words:** encourage, listen, ask, and explain
Four Leadership Styles

S1 - Directing: high directive and low supportive
• The leader provides specific instruction about roles and goals and then closely supervises the associate’s performance.
• The leader is in charge.

S2 - Coaching: high directive and high supportive
• The leader explains the directions, solicits suggestions, praises approximately right behavior, but continues to direct task accomplishment.
• The associate is more involved in decision making, but when push comes to shove, the leader decides.

S3 - Supporting: high supportive and low directive
• The leader and associate make decisions together. The role of the leader is to facilitate, listen, draw the associate out, encourage, and support.
• The associate’s role is to decide how the task is to be accomplished. The leader’s role is to listen and provide assurance, support, resources, and ideas if requested.

S4 - Delegating: low directive and low supportive
• The leader turns over responsibility for task accomplishment to the associate; the associate provides his or her own direction and support.
• The associate decides how, when, where, and with whom the goal is to be accomplished.
Four Leadership Styles

(High)

S4

Low Supportive and Low Directive Behavior

S3

High Supportive and Low Directive Behavior

S2

Coaching

High Directive and High Supportive Behavior

S1

Directing

High Directive and Low Supportive Behavior

(High)

Low Directive Behavior

DIRECTIVE BEHAVIOR
Situational Leadership

Remember - can get results in any style.

- There is no “one best” leadership style
- As a Situational Leader, it’s important to use “different strokes for different folks”

Flexibility is important because no two people come to a task with identical skills, knowledge, confidence, or motivation.
1. An associate, recently transferred to your department, has proven that she can run all of the basic computer software your department uses. You have worked with her closely and believe that she may be capable of handling more complex applications. She has demonstrated a willingness to learn and work hard, but you know that the complex software will require more technical skills on her part. You would:

___ a. Assign her to the more complex applications with little direction or support, since she has proven her ability to understand and use the basic software.

___ b. Assign her to work with the more complex applications, explain how she is to use the software, and continue to supervise her work closely.

___ c. Assign her to the more complex software and meet with her frequently to discuss any problems she might be having. Continue to monitor her performance.

___ d. Assign her to work on the more complex software and praise her willingness to learn.

S1 - Directing      S2 - Coaching      S3 - Supporting      S4 - Delegating
2. In the past your company has allowed maintenance associates to decide what parts of a large job will be covered by field area craftsmen and what parts could be done by shop labor. Because of new labor agreements with the union, the old procedures are no longer feasible. You have been asked to develop a new procedure. Your associates are aware of the problem and want to help. They have been able to help in the past. They have an excellent record of accomplishment and work well together. You would:

___ a. Decide on the new approach for job coverage and make sure they follow the procedures you develop.
___ b. Decide on the new approach yourself but make sure you incorporate their ideas and suggestions.
___ c. Ask them if they would work out the approach themselves for your approval.
___ d. Support and encourage them to work out a new approach but contribute your ideas as asked. Make resources available.

S1 - Directing       S2 - Coaching       S3 - Supporting       S4 - Delegating
You are a customer service supervisor. It has come to your attention that one of your associates has been taking extended lunch periods. Not only does he leave for the cafeteria early, but he usually finds some reason to wander through the office to visit people before going back to his workstation. His coworkers are beginning to complain. You would

___ a. Explain that you want him back from lunch on time but listen to his side of the story.

___ b. Ask him what he intends to do about his tardiness and then support his efforts to change.

___ c. Make sure he knows the problems his behavior is causing but let him decide how to resolve the issue.

___ d. Tell him that you expect him to go to lunch at the prescribed time and return on time, and then check to see that it is done
Match the Appropriate Style

4. Your associates are competent and usually able to work well on their own as long as you visit their workstations regularly to praise them and offer encouragement. Recently, they have fallen behind on an important job and will probably finish late. You would

___ a. Ask for their suggestions and use their ideas as you supervise the efforts to bring the project in on time.

___ b. Continue to visit their work area and encourage them to finish on time.

___ c. Mention the possibility of not meeting the schedule and let them work out how to bring the project in on time.

___ d. Spend a lot of time in their work area and closely supervise the activities of the group.

S1 - Directing    S2 - Coaching    S3 - Supporting    S4 - Delegating
Match the Appropriate Style

5. As a supervisor of a sales unit, you have noticed that one of your new salespeople is not keeping accurate work records. She has been in your work unit for about a month and has a positive attitude about her job. You would

___ a. Ask her about her failure to keep accurate work records. Then ask her what she will do differently in the future.

___ b. Spell out her duties and performance standards but be willing to incorporate any suggestions she might have.

___ c. Review the specific occasions on which she failed to keep accurate work records. Then spell out what you expect of her and supervise her work closely.

___ d. Emphasize the need for accurate and complete records and give her more time to improve her performance.

S1 - Directing       S2 - Coaching       S3 - Supporting       S4 - Delegating
Match the Appropriate Style

6. You are planning some important maintenance work that involves some changes in shift coverage for your associates. While you have made initial staffing decisions in the past, you know they have some clear ideas on shift coverage. The performance of your group has been outstanding with almost no direction or support from you. You need to make the best possible decisions for this new shift coverage as soon as possible. You would

___ a. Work out the new shift coverage plan but use their ideas and suggestions.

___ b. Ask them to work out the new shift coverage plan.

___ c. Get the group together and help them work out the shift coverage plan.

___ d. Work out the new shift coverage plan and post it.

S1 - Directing      S2 - Coaching      S3 - Supporting      S4 - Delegating
7. You are a production supervisor and have transferred to a new production unit. The performance of the associates in this unit has been declining. While they may understand work procedures, they do not relieve each other on time, they fail to record significant items in the log, and the quality of their work is a problem. Their last manager was well liked but did not demand much from them. You would

___ a. Make sure they know about their poor performance but let them decide what the specific problems are and how to solve them.

___ b. Hold a group meeting and let them know what you expect in the areas where performance is low and then closely supervise their work.

___ c. Call a group meeting and encourage them to discuss and solve their own performance problems.

___ d. Outline some new goals and then ask for and use their suggestions and ideas in making improvements.

S1 - Directing       S2 - Coaching       S3 - Supporting       S4 - Delegating
8. A very capable engineer in your production unit has asked for your help. In the past you have given her assignments, and she has been able to figure out what needs to be done and how to do it. She seems reluctant to start the most recent task you have given her and doubts whether she can do it. You would

___ a. Tell her what she is to do in detail but incorporate ideas she may have on how to complete the project.
___ b. Tell her what activities are necessary for the project to be done successfully and then supervise her work closely.
___ c. Listen to her doubts to find out what part of the project she is not sure about and then reassure her that she can do the job.
___ d. Give her more time to get started.

S1 - Directing        S2 - Coaching        S3 - Supporting        S4 - Delegating
Leadership styles should be matched to the associates development level. Let's look at some more scenarios -
1. As a supervisor, you have noticed that one of your project leads and another team leader are working together effectively with encouragement from you. Lately, however, conflicts between them have caused delays and lower morale. You would

a. Get them together and tell them how they can resolve their conflict and see that they do it.

b. Talk to them separately about the problem, and then get them together to discuss the problem. Encourage them to get along together and support their efforts at cooperation.

c. Talk to them separately to get their ideas, and then bring them together and show them how to work out the conflict using their ideas.

d. Tell them you are concerned about the problem but give them time to work it out by themselves.

- Development Level _____ Action ______

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<tr>
<th>High Competence and High Commitment</th>
<th>Moderate to High Competence and Variable Commitment</th>
<th>Low to Some Competence and Low Commitment</th>
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DEVELOPED  DEVELOPING
2. For the last few months you have been working with some members of a start-up team, designing training and writing manuals for a workflow process that is being redesigned. During that time you have found that one member has taken the lead when problems arise. She gets along well with the others on the start-up team and is recognized as having the capability to oversee the completion of the project. Because of time restraints, you must move on to the other phases of the start-up. You have asked her to take charge of the project. Others on the team are pleased with your decision. You would

a. Involve her in thinking about the problems she may encounter and support her efforts to take charge of the project.
b. Let the group work on its own under her leadership.
c. Talk with her and set goals for the project but listen to and consider her suggestions.
d. Stay in close contact with her so you can direct and closely supervise her efforts to complete the project.

Development Level _______  Action _______
3. You have asked one of your associates to take on a new assignment. In his other responsibilities, he has performed well with direction and support from you. The job you have asked him to do is important to the future of your work unit. He is enthused about the new challenge. He may not have all the necessary skills. You would

a. Give him the assignment and let him determine how to do it.
b. Define the activities necessary to complete the assignment successfully and supervise his work closely.
c. Listen to his concerns but encourage him to take on the new assignment and support his efforts.
d. Direct his efforts but solicit any ideas he may have.

Development Level _____          Action _____
4. You are the supervisor of a merchandise design group. You have been making sure that your associates understood their responsibilities and what you expected of them and have supervised them closely. For the past month or so there have been very few complaints from the field, the group is making fewer scheduling errors, and their performance has generally been improving. You would

a. Begin to let them work on their own with very little supervision but keep track of their scheduling errors and complaints.

b. Keep track of their scheduling errors and complaints and use them to praise and encourage their efforts.

c. Continue to set direction in areas where improvement is still needed, but praise them for the reduction in errors and complaints and support their efforts to improve.

d. Continue to direct and supervise their efforts closely.

Development Level _______  Action _______
5. Your administrative assistant, who is usually dependable, has missed the deadline for an important report for the second month in a row. You have consistently set objectives and timelines for this person, as well as provided encouragement and support. The report is overdue, and accounting is telling you that your department is holding up the monthly closure. You would

a. Set a new deadline for the report to be completed and direct and supervise him closely.

b. Discuss the problem with your assistant, set a new deadline, and support and encourage him to get the report completed.

c. Emphasize the importance of getting the report completed as soon as possible and explore his reasons for why it is late.

d. Make sure he knows the report is overdue and assume he will get the report in as quickly as possible.

Development Level _____ Action _____
6. You have recently been made supervisor of a production unit. In getting to know your people, you have found that one of your associates is particularly capable and innovative. He has made a number of cost-saving suggestions. At first you gave him a great deal of encouragement and support for his work but little direction. You would

a. Begin to be more specific about what you want him to do but make sure you consider any creative suggestions he may have.

b. Continue to work with him in a supportive way and encourage his innovative ideas.

c. Look for new ways for him to make a contribution and begin to let him work more on his own.

d. Begin to channel his creative abilities into some very specific responsibilities and make sure he spends his time on those activities.

Development Level _______ Action _______
7. Since your group has been given an increased workload, you have asked one of your associates to take charge of a new responsibility. You have worked with him before and know that he has the knowledge and experience to be successful in the assignment. However, he seems insecure about his ability to do the job. You would

a. Assign the new responsibility to him and let him do it on his own.
b. Tell him what you expect him to do but consider his suggestions.
c. Listen to his concerns about his abilities but assure him that he can handle the new responsibility.
d. Tell him exactly what the new responsibility involves and then work with him closely.

Development Level ______  Action ______

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DEVELOPED  DEVELOPING
8. Your group has a fine record of accomplishment and is serious about its responsibilities. Even though you have spent little time in the day-to-day operations of the unit, the group has surpassed production yield, volume, and quality goals; and members of the group have worked well together. Last month’s safety report just came to your attention, and you notice that the frequency of serious injury has increased, indicating that the unit’s safety habits may be getting lax. You would

a. Make sure the group knows about their seemingly lax safety habits but let them develop corrective actions themselves.

b. Take corrective action after listening to and considering their suggestions.

c. Discuss the situation with the group and explore with them alternate ways to correct the problem.

d. Define the problem as you see it, outline the steps necessary for its solution, and see that these steps are carried out.

Development Level _____          Action _____
Putting It All Together

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1 Development Level  
2 Leadership Style  
3 Low on competence = Low or Some  
4 Low on commitment = Low or Variable  

![Diagram showing the relationship between competence, commitment, and directive behavior.](image)