



## LEADERSHIP

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In the past, business owners often relied on an autocratic management style, one built on command and control. Today's workforce is more knowledgeable, has more options, and is more skilled and, as a result, expects a different, more sophisticated style of leadership.

To be successful, an entrepreneur must assume a wide range of roles, tasks, and responsibilities, but none is more important than the role of leader. **Leadership** is the process of influencing and inspiring others to work to achieve a common goal and then giving them the power and the freedom to achieve it. It is possible to learn to be effective leaders, but the task requires dedication, discipline, and hard work.

Companies must attract the best and brightest people and create an environment in which they can use their intelligence and judgment to make decisions. The rapid pace of change shaping the economy also is placing new demands on leaders. Technology is changing the ways in which people work, the ways in which the various parts of an organization operate and interconnect, and the ways in which competitors strive for market dominance. To remain competitive, companies must operate at a new, faster speed of business, and that requires a new style of leadership. Leaders of small companies must gather information and make decisions with lightning-fast speed, and they must give workers the resources and the freedom to solve problems and exploit opportunities as they arise. Effective leaders delegate authority and responsibility and empower employees to act in the best interest of the business. In this way, leaders demonstrate trust in employees and respect for their ability to make decisions.

Until recently, experts compared a leader's job to that of a symphony orchestra conductor. Like the symphony leader, an entrepreneur made sure that everyone in the company was playing the same score, coordinated individual efforts to produce a harmonious sound, and directed the orchestra members as they played. The conductor retained virtually all of the power and made all of the decisions about how the orchestra would play the music without any input from the musicians themselves. Today's successful entrepreneur, however, is more like the leader of a jazz band, which is known for its improvisation, innovation, creativity, and freewheeling style. The success of a small jazz band rests on the ability to be agile and flexible, skills that are equally central to today's business world. Business leaders, like the leaders of jazz bands, should exhibit the following characteristics:



- **Innovative.** Leaders must step out of their own comfort zones to embrace new ideas; they avoid the comfort of complacency.
- **Passionate.** One of entrepreneurs' greatest strengths is their passion for their businesses.

Members of their team feed off of that passion and draw inspiration from it.

- **Willing to take risks.** Playing it safe “is not an option in jazz or for any company that wants to be solvent ten years from now,” says Gold.
- **Adaptable.** Although leaders must stand on a bedrock of resolute values, like jazz band leaders, they must adapt their leadership styles to fit the situation and the people involved.



- **Management and leadership** are not the same, yet both are essential to a company’s success.

*“Leadership without management is unbridled; management without leadership is uninspired”.*

Leadership gets a small business going; management keeps it going. In other words, leaders are the architects of small businesses; managers are the builders. Some entrepreneurs are good managers yet are poor leaders; others are powerful leaders but are weak managers. The best bet for the latter is to hire people with solid management skills to help them to execute the vision they have for their companies. Stephen Covey, author of *Principle-Centered Leadership*, explains the **difference between management and leadership** in this way:

Leadership deals with people; management deals with things. You manage things; you lead people. Leadership deals with vision; management deals with logistics toward that vision.

Leadership deals with doing the right things; management focuses on doing things right.

Leadership deals with examining the paradigms on which you are operating; management operates within those paradigms. Leadership comes first, then management, but both are necessary.

Leadership and management are intertwined; one without the other means that a small business is going nowhere. Leadership is especially important for companies in the growth phase, when entrepreneurs are hiring employees (often for the first time) and must keep the company and everyone in it focused on its mission as growth tests every seam in the organizational structure.

### **Effective leaders exhibit certain behaviors:**

- They define and then constantly reinforce the vision they have for the company.
- They create a set of values and beliefs for employees and passionately pursue them.
- They establish a culture of ethics.
- They develop a strategic plan that gives the company a competitive advantage.

- They respect and support their employees.
- They set the example for their employees.
- They are authentic.
- They create a climate of trust in the organization.

They build credibility with their employees.

- They focus employees' efforts on challenging goals and keep them driving toward those goals.
- They provide the resources employees need to achieve their goals.
- They communicate with their employees.
- They value the diversity of their workers.
- They celebrate their workers' successes.
- They are willing to take risks.
- They encourage creativity among their workers.
- They maintain a sense of humor.
- They create an environment in which people have the motivation, the training, and the freedom to achieve the goals they have set.
- They create a work climate that encourages maximum performance.
- They become a catalyst for change.
- They develop leadership talent.
- They keep their eyes on the horizon.