



Encouraging Entrepreneurial Thinking

If you want your employees to be motivated to do their best, and if you want them to be the most valuable asset on your balance sheet, then let them feel and experience ownership in the organization. Effective managers make every employee feel like a business partner. Why? Because when people feel ownership of something, they look out for it.

Make Everyone Feel like a Business Partner

Encouraging an entrepreneurial mindset goes beyond profit sharing and stock options. It's a motivating attitude instilled in others by you, the manager. We see this attitude demonstrated and translated into profits in companies such as Hewlett-Packard, Southwest Airlines, Nordstrom, Intel, Starbucks, Wal-Mart, Microsoft, and hundreds of smaller companies, where employees are motivated to take exceptional pride in their work because they're treated like business partners, not hired help.



Entrepreneurial mindset

As it's used here, we mean "thinking like a business owner." Although the term can be used to characterize somebody who acts independently, perhaps even as a maverick, it's intended here to convey a sense of feeling joint ownership, of being a partner in a business, and caring about the success of that business.

How do you create such an atmosphere of entrepreneurial attitudes and pride? You begin by understanding and acknowledging that employees today want a say in how the organization is being run. Their input can be extremely powerful, especially if

they know and understand how the organization operates. By the way you interact with employees, you can help them begin thinking as entrepreneurs and feel more accountable for the organization meeting its goals.

To succeed in today's rapidly changing work environment, employees need to know far more about the organization than just how to do their specific jobs. So you must help workers better understand the entire organization, gain a clearer perspective of how the organization operates, learn what the competition is doing, and develop the ability to take intelligent risks and to be creative. In other words, you need to help employees take full advantage of their human capabilities to perform at high levels.

Five Steps to Creating Entrepreneurial Thinkers

There are five steps you as a manager can take to help your employees think and act more like entrepreneurs on the job:

1. Explain the organization.
2. Demonstrate how the organization operates and generates income.
3. Help your employees understand the competition.
4. Encourage intelligent risk-taking.
5. Inspire innovative thinking.

In implementing these strategies, remember that you're not trying to create a bunch of independent decision-makers who

don't take into consideration the needs of their colleagues or the organization. You're simply trying to help your employees feel a sense of ownership and pride in their work and a sense of commitment to the organization and its goals.

Step 1. Explain the Organization

One key to your success as a manager is that you understand the organization's mission, its goals, and its strategies for achieving these goals. If you're a manager, you know how much it helps to see the big picture within which your specific responsibilities lie. Because you understand how you fit into the organization, you better understand your role and why the company values your contribution. It's easier to identify with the company and feel motivated to work harder and smarter.

It's the same for your employees. If they understand about the organization and their role in it, they can feel similarly motivated and much more likely to develop a positive attitude toward their jobs and their fellow employees. You don't need to make everyone managers, of course. But you can help your employees better understand what's going on beyond their desks, cubicles, and work stations and outside the walls of your department. When they know how they fit in and the difference they make, they can do their work more intelligently.

How can you help your employees become more aware of their role and feel more a part of what's happening throughout the organization? Here are a few suggestions for you to consider:

- Give employees books and articles about the organization. Keep a scrapbook to record important chapters in the organization's history—the bad as well as the good. This will give employees a historical perspective of the company and inspire in them a greater sense of identity and pride.
- If the organization issues an annual report, show employees how to understand and interpret it. Point out the CEO's message, which can be valuable in clarifying the organization's mission, measuring progress toward long-term goals, and describing challenges the organization might face in the future.

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- Share the monthly departmental profit-and-loss statement with employees. This will help them understand even better how their work fits into their small section of the organization, their neighborhood of your economic community.
- Help employees understand your organization's mission statement. Look for opportunities to discuss the mission statement with members of your team. Show how it drives behavior and decisions in the organization.
- Encourage employees to identify things they can do to contribute directly to achieving the organization mission statement objectives. Discuss with them the role(s) of your department and whatever strategic goals you might have. Then give them the chance to act on their ideas.
- Encourage employees to tackle obstacles by having them lead task forces to find solutions and begin implementing them. This can be as formal or informal as you deem appropriate. What's essential is to encourage your employees to think together about how they can improve their work environment and the performance of your department.
- Reinforce the value of your organization's communications department, if you have one. Suggest that employees contact the department for copies of executive briefings, recent newspaper clippings that profile or discuss the organization, recent ad campaigns, and corporate brochures. Or, simply get copies of these documents yourself and post them around your department.

Step 2. Demonstrate How the Organization Operates and Generates Income

As a manager, you understand how your organization operates and manages its finances. So you might not realize what it's like to work without knowing how every person and every job affects the bottom line. When employees become aware of how the organization runs and how it spends and brings in money, they become more motivated to help make a difference.

How can you help each of your employees understand how he or she alone impacts the organization's bottom line? Here are a few recommendations:

- Arrange for a business basics training program for all employees. There are several on the market that can be customized to your organization's needs. These programs may use a game format to explain how your organization operates and how it makes and loses money. This can be an enjoyable way to teach employees the business.
- Give employees documents that describe strategic plans, financial goals, and operating philosophies of the organization. Again, the corporate communications office may have just what you need. You might want to explain a few of these documents at every departmental meeting. There's no need to turn your meeting into a seminar; just take a few minutes to sum up each document and why it matters to the organization and your employees. Then, summarize the impact of your group in all this, in terms of costs and income generated.
- Analyze scenarios that show the impact one person has on the entire organization. This can be a real eye-opener! *The Great Game of Business* offers some good suggestions on how to do this.

You can probably come up with scenarios for your organization. In fact, most organizations have horror stories involving employees who didn't care enough about a particular job or didn't fully understand the importance of what they were expected to do. Whether you find actual examples or create realistic scenar-



Open Book Managing

Over the past few years, the idea of *open book management* has become popular. This concept involves sharing the organization's financial data with employees and showing them specifically what they cost and what value they add to the organization. A good resource for learning about this approach is the 1992 book, *The Great Game of Business*, by Jack Stack. Information is also available on the Internet at <http://greatgame.com>.

ios, the point is to help your employees see how one person's attitude and behavior might directly impact the organization's bottom line, potential pay raises, bonuses, profit sharing, and so on.

When you help your employees think in terms of the big picture and understand the domino effect of every action they take, you begin to instill in them an entrepreneurial mindset that creates a winning and motivated organization. Of course, in some organizations, because of the attitude of management, this might also instill fear in employees. But the whole



The Impact of an Employee

Let's assume a baggage handler for an airline isn't very motivated to do his job. How does his performance affect the organization?

A flight arrives late and a passenger's briefcase must be transferred to another flight within minutes. The baggage handler doesn't feel like hustling the briefcase to the other flight. He thinks, "What's in for me?" So he leaves the case on the ramp until the next flight to that city departs—six hours later.

The passenger waiting for the briefcase has an important meeting that evening and needs some materials from the briefcase. She complains to a customer service rep for the airline, who explains that the briefcase will be arriving later, although not in time for the meeting. As a result, the irate frequent flier shares her dismay with other passengers and then later with her colleagues at the meeting, when she cannot provide the necessary materials to help her company land the big account.

What's the impact of the baggage handler on the airline's bottom line? The airline lost a valuable customer and perhaps all of her company's future business. It also probably lost a few of the other passengers and some of the customer's business associates. That means a significant loss in revenue, possibly tens of thousands of dollars, especially as the story ripples out even further—it also means more work for other employees, to make up for the negligence of that one baggage handler.

Multiply this impact by the number of incidents that might occur throughout this airline in a given year. Now we're talking about hundreds of thousands of dollars in lost revenue and a lot of extra effort and expense.

point of this book is to help you move away from that approach. You don't want to create fearful employees. You want to develop smart, skilled, and highly motivated employees who understand their role in helping the organization succeed.

Step 3. Help Your Employees Understand the Competition

When employees pull together to compete in the marketplace, their level of motivation rises when they understand just who and what they are competing against. Nothing brings a team together in tighter cooperation than the challenge of performing at higher and higher levels than its competitors, helping the organization to grow as a result.

You don't necessarily need to take a "rah-rah-rah" attitude, as if organizations were high school football teams. This is just another way to help employees understand the big picture, because your competitors are part of that picture.

You can learn a lot from researching the competition—not just how to win a greater share of the market, but how to improve your organization. In that spirit, here are some ways for you and your employees to learn more about your competitors:

- Encourage employees to ask customers to evaluate how your organization measures up to the competition.
- Put someone in charge of obtaining the competition's promotional literature, so that you can all learn more about their products or services.
- Start a file of *competitor profiles* (see sidebar on next page). These profiles can help your team develop strategies for gaining competitive advantage.

Use Horror Stories Wisely



When you discuss scenarios with employees—especially if you use horror stories from your own organization—make sure to emphasize the importance of understanding the negative effects on the organization. Don't dwell on any negative effects for the individual employee. The idea is to encourage your employees to develop an entrepreneurial attitude, not to scare them!



Competitor profile A document that includes information about competitor pricing, copies of advertisements, an annual report, profiles of top executives, a list of strengths and weaknesses, philosophies and values, awards and recognition received, market share and global reach, and recruiting policies and employee incentive plans.

Just as it's important for your employees to know about your competitors, it's also important for them to know more about your industry. After all, if employees can become more motivated by understanding the impact of their presence in the

organization, they can also be inspired by knowing your organization's impact in its industry.

How can you help your employees learn more about your industry? The following suggestions—some of which may seem quite ambitious—will give you some ideas:

- Allow employees to stay current with industry changes and meet industry movers and shakers by sending them to conferences and trade shows.
- Go to the library and look up government documents relevant to the industry and publications by industry associations.
- Budget for membership in professional associations. Then make sure your employees have the opportunity to read association publications. You might even want to photocopy and distribute an occasional article from an association magazine or journal, especially industry overviews and best practice case studies. (If you do this, be aware that you may need permission from the publisher to do so.)
- Look for books, publications, and research information on the Internet that cover practices and trends in industry categories related to your own.
- Join Internet discussion groups on subjects dealing with your industry or management in general. (To find out some that deal with management, check this Internet site: www.quality.org.)

- Join associations or encourage your organization to do so based on common denominators, such as type of business or industry, organization size and ranking, market niche, and so on.

Remember: your purpose in following any of these suggestions is to help your employees

become more motivated by helping them understand the significance of what they and your organization are doing. So be sure to be sensitive to their needs and feelings and attentive to the dangers of trying to do too much. Some of your employees might feel overwhelmed by information and intimidated by perceived expectations. Your purpose is to allow them to explore their horizons, not to run them into the ground! Be sure you tell them as much.

Step 4. Encourage Intelligent Risk-Taking

Risk has long been considered a four-letter word for success. But creative and calculated risk-taking can improve any organization. That means that management should help employees try new ways of doing their work, of experimenting to make improvements, and encourage and support them in taking those risks.

Why aren't more employees willing to take risks? Probably because the few times they tried to and things went wrong, they were either fired or severely disciplined. Even when employees succeed at something risky, with a pat on the back for the result, they may also get chastised for taking the initiative. After all, there are channels and chains of command, assigned responsibilities, managers paid to take risks, and so on and so forth. Even in more recent decades, management has sent out a mixed message: *We want you to*

Employees and Competitors



Whoa! Maybe it's dangerous for your employees to know more about your competitors—especially about such things as employee incentive plans. Yes, it can indeed be dangerous—unless you're taking specific actions to make your organization a better place to work, a place where employees feel motivated by much more than incentive plans.

feel empowered and take risks—just don't screw up!

Everyone makes mistakes. Good managers know that, but they also recognize that developing a risk-taking mentality is part of helping employees develop an entrepreneurial approach in their work. So you must support, encour-



**Smart
Managing**

Take Shots

“You miss 100 percent of the shots you don't take.”

These are the words of hockey great Wayne Gretzky—and they should be posted prominently on every wall around your workplace. This attitude has helped Gretzky earn the nickname “The Great One.” It's important to note that Gretzky has won awards not only for scoring goals, but also for assists—for helping his teammates score.

age, and reward intelligent risk-taking in the organization. After all, the only way to get better is to try new things. Organizations that don't innovate stagnate—and may go out of business.

How can you build a culture in which your employees feel comfortable taking risks? Well, you can't do it by words alone, as many man-

agers have tried to do—unsuccessfully. The following suggestions are a good starting point:

- Allow your employees to make decisions that involve risks.
- Treat mistakes as “teachable moments.” When things don't work out, recognize and take advantage of the opportunity to help employees learn something.
- Expect setbacks as a natural result of people taking risks.
- Encourage initiative and celebrate successes that come from employees taking initiative. If things don't turn out well, praise employees anyway and ask, “What can we learn here so we can do better next time?”
- Help employees understand the difference between healthy risks and foolish chances. (And remember that the difference isn't necessarily black-and-white or accepted as such by everyone. Check out the Caution box.)
- Set an example. Try new things. If you never falter, it shows you're probably playing it safe and not trying new things

yourself. If you hesitate to take risks, why should your employees feel free to take risks?

- Demonstrate how to evaluate whether or not to take a risk. For example, look at the critical issues, assess opportunities against objective criteria to determine the potential return, then decide whether the risk is worth it and if the organization can stand behind whatever results.

Step 5. Inspire Innovative Thinking

When organizations survive and thrive, it's generally because managers know how to change with their situations—and sometimes keep ahead of the changes around them. That's certainly so when they allow or even encourage innovative thinking among their employees. That means that managers need to help their employees feel motivated to try different things.

How can you inspire your employees to think in new ways and encourage them to innovate on the job? Here are a few techniques to guide you

- Set aside special time to brainstorm with employees and investigate innovative and creative new ideas.
- Support innovative ideas and help implement them.
- Set up a seminar on how to think creatively and/or make available books on this subject, such as *A Whack on the Side of the Head* by Roger Von Oech or *Thinkertoys* by Michael Michalko.
- Tell everyone in the organization about the

Intelligent Risk Taking

What's the difference between "good risks" and "foolish chances"? Sure, we can all agree on some extreme cases. But let's consider something more problematic—a lottery, for example. Would you risk a dollar to win \$10,000 if the odds were 3-to-1? How about 30-to-1? What if they were 30,000-to-1? At what point does the gamble go from a good risk to a foolish chance? We're not likely to agree on a specific point. Keep that in mind when you talk with your employees about taking risks: they may be unclear about what's good and what's bad. Provide some examples to help them understand.



creative ideas of their co-workers, through special announcements, in conversations, and organizational publications.

- Use music to inspire creative energy.

You may be thinking, “All of this makes sense, but it won’t work in my department.” Well, maybe you’re right—but *why not?* What keeps your people from thinking creatively? If you believe there are obstacles, it’s up to you to identify

them and do something about removing them. How you do that depends, of course, on your particular environment. But here are a few general suggestions:

- Show faith in your employees’ capabilities by empowering them to try new ways of doing tasks and providing the resources they need to do this. If you don’t have faith in your people,

you send the message that innovation is not welcome.

- Address and eliminate any fears employees have about creative thinking. Some people, for example, don’t think they’re capable of being creative. Others tend to always focus on matters of practicality: they analyze and judge ideas as quickly as they arise.
- Make sure everyone understands the basic principle of brainstorming—to provide a free and open environment that encourages and inspires everyone to offer whatever ideas may occur to him or her—no matter how “impractical” they may seem at first.
- Regularly emphasize the positive aspects of innovative solutions—and the disadvantages of always doing the same things in the same ways.




Evaluating Risk

There’s no way to eliminate risk, but there are good methods for evaluating it. This checklist can help you determine whether a risk is worth taking:

1. Examine the critical issues.
2. Assess the opportunity against objective criteria to determine the potential return.
3. Ask yourself if the risk seems worth it.
4. Confirm that the organization will stand behind the end results.

- Never penalize anyone for trying something new that ends up being a mistake. Encourage, instead, learning from the experience.
- Encourage freedom of expression and unique thinking.
- Don't assume something won't work just because nobody's tried it.
- Suspend critical judgment when someone presents an idea. Talk about how you can work together to make it work, not what's wrong with it.
- Loosen up and lighten up. Don't take yourself too seriously.



Brainstorm This term has been used so often and in so many ways that it deserves a few words here. The principle behind brainstorming is to create an open environment for offering lots of ideas, without any thought about how practical they might be—or about who should get credit for them.

Help Your Employees Feel As If They Own the Business

If you want your employees to put more of themselves into their work, help them find more of themselves in it. That was the basic message in the first two chapters of this book. This third chapter has taken us a little further, into entrepreneurial thinking.

This is likely to be just a small step for your employees, at least in theory, because people who do a job typically want to feel like it's more than a job and like they're more than just part of a machine. For you, on the



A Brainstorming Session

Facilitating a good brainstorming session is easiest if you keep it simple. Borrow an employee from outside your department—someone who can think fast and write even faster. Get a marking pen and a flipchart or chalk and a blackboard. Then have that person serve as scribe, simply getting every idea down. Having a scribe allows your employees to “go with the flow,” and having the ideas accumulate openly usually encourages the flow. Plus, the faster the flow, the less time people have to focus on any of the ideas and start thinking about practicalities.



Colored Flags

Sometimes when we try to hold “idea” meetings, we tend to do too much at once—and end up doing too little well. That’s when it might help to use flags.

Make three flags—green, yellow, and red. (You can use colored paper and pencils to keep it simple.) Bring the flags to your next meeting and explain their meaning: green means we offer ideas freely, yellow means we explore those ideas, and red means we look for potential problems. When you want to encourage employees to offer ideas, simply post the green flag in a prominent place, such as the center of the table. This reminds everyone to brainstorm freely. When you want to shift to examining the suggested ideas, replace the green flag with the yellow one. For the final phase, you post the red flag, to remind everyone to focus on critically examining the ideas.

other hand, this step may be a little more difficult.

Keep in mind, then, this basic idea: if you want your employees to be motivated to do their best, help them feel as if they control their jobs, as if they belong to a community, and—most of all—as if they own the business.

Manager’s Checklist for Chapter 3

- It’s important to encourage entrepreneurial thinking because people who feel ownership of something tend to care more about it.
- To get your employees to feel and act more like entrepreneurs, explain the organization to them, show them how it works and manages its finances, help them understand the competition, encourage them to take intelligent risks, and inspire innovative thinking.
- Help your employees better understand the organization and their role in it, so they can feel more motivated in their work and develop a more positive attitude toward their jobs and their fellow employees.

- ❑ When organizations thrive, it's generally because the managers encourage their employees to think, and to try to do different things and to do things differently.