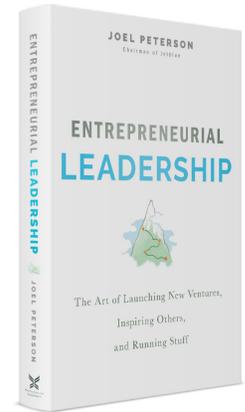# soundview
Executive Book Summaries®

Entrepreneurial Leadership

The Art of Launching New Ventures, Inspiring Others, and Running Stuff

by **Joel Peterson**

Contents

THE SUMMARY IN BRIEF

Many leaders see their roles as presiders/managers, with a primary focus on keeping results consistent with past performance and on budget. These kinds of leaders make important contributions but rarely leave a mark on the businesses they serve.

For those wanting to make a lasting impact, new skills are required. They need to learn to launch new initiatives, inspire others, and champion innovative approaches. In *Entrepreneurial Leadership,* Joel Peterson calls these higher-level leaders "entrepreneurial leaders," and they create durable enterprises that deliver on their promise.

Peterson lays out a path to achieving this leadership, with a series of maps organized around four core philosophies: establishing trust, creating a sense of mission, building a cohesive team, and executing and delivering results. While easy to summarize, these concepts can be difficult to implement. Let *Entrepreneurial Leadership* guide you on your journey.

IN THIS SUMMARY, YOU WILL LEARN:

- What distinguishes entrepreneurial leaders from entrepreneurs, managers, presiders, and administrators.
- To build trust by assessing your values and building your personal brand.
- To set MAD goals to fulfill your mission.
- Strategies to secure a great team and deliver results.

The World Needs More Entrepreneurial Leaders

What is an entrepreneurial leader? In contrast with pure entrepreneurs (who can launch things but can't necessarily run them at scale), presiders (who maintain the status quo but don't create durable change), managers (who simply make the trains run on time), administrators (who create and execute policies and procedures), and politicians (who compromise, rationalize, debate, and legislate), entrepreneurial leaders are able to launch something new, turn around a failing enterprise, and anticipate and make change before they have to.

In an age of disruption, fickle consumers, fast-moving markets, and unprecedented social change, this type of nimble leadership is needed more than ever.

Entrepreneurial leaders demonstrate a particular mindset and an approach to problem-solving. They are change agents. They are intentional, staying true to their vision and agenda rather than only reacting to day-to-day turbulence.

Being an entrepreneurial leader requires setting goals, developing strategies, staffing the execution, making assignments, and measuring results—all within the context of values that support a shared mission. By definition, an entrepreneurial leader can't control or micromanage the execution—but nonetheless, if the execution fails, he or she must be willing to take the heat.

The work of an entrepreneurial leader is messy, largely intangible, and never-ending. Each day brings new problems and new decisions that present ambiguity and shades of gray. Nonetheless, entrepreneurial leadership is the most impactful work any who would become a leader may do—and the world is made better by those who seek out its challenges.

A Plan for Action

Anyone attempting life's biggest challenges—whether leading teams, companies, families, or just themselves—shouldn't venture out without a clear plan for action, organized into four categories:

- Build Trust;
- Create a Mission;
- Secure a Team;
- Deliver Results.

Building trust is table stakes—the necessary first step to legitimize the leader and give all stakeholders (not just employees) a reason to follow. Creating a mission is necessary because people can't do their best work without a sense of purpose.

Securing a team allows leaders to leverage their own skills and put the best players on the field. Delivering results is the sine qua non of leadership: it's not only required, but it creates a flywheel-like momentum that yields more trust, a clearer mission, the ability to hire even better players. Only with trust, mission, and team providing a firm base may a leader begin delivering on promises.

Too often, society idolizes once-in-a-generation charismatic leaders like Steve Jobs or Herb Kelleher. But one needn't be a natural-born leader. Anyone can develop these skills by following a systematic approach, cultivating the right mindsets, asking the right questions, and applying the right principles and accumulated wisdom. Let's now look at the four categories and some of the steps and maps they require.

Build Trust

Trust is base camp for preparing the entrepreneurial leader's attempt to lead a team to the summit. Trust animates the mission, is a predicate for recruiting a team, and enhances the interdependencies that deliver results. Without trust, companies can expect to experience political infighting, enterprise-damaging betrayals, and leadership crises.

When trust is established, people come together, turnover declines, and once-transitory change becomes enduring. To move from presider, manager, administrator, pure entrepreneur, or politician to entrepreneurial leader, one must develop a high-trust personal brand.

Step 1: Assessing Core Values

Unwavering values allow one to behave predictably, which is a requisite for building trust. Therefore, aspiring entrepreneurial leaders should conduct a deep and introspective inventory of their core values, affirming the ones that will help them as leaders and seeking to temper the ones that will be counterproductive. This self-analysis and introspection can be an important part of the journey toward entrepreneurial leadership.

Humility is an important value. Jim Collins, the former Stanford adjunct professor whose books include *Built to Last* and *Good to Great*, has identified humility as a defining quality of the people he deems "Level 5 leaders."

> We become what we think about. Decide
> what you want to be, design your personal brand,
> and repair the operating system you inherited.

Beyond humility, what other values do successful entrepreneurial leaders have—the kind who inspire trust from and demonstrate trust in colleagues and subordinates?

Running toward the fire—to proactively and aggressively attack problems.

Integrity—to be whole and undivided, the way an engineer might speak of the structural integrity of a building. Having the core values include this version of integrity means behaving in predictable ways, regardless of the setting. And as others come to trust how you'll respond, you've empowered them.

The willingness to persevere—the characteristic Collins describes as "intense professional will."

After taking an objective look at who we are and how we came to be that way, careful introspection will yield an assessment of the forces that guide our actions—our core values. The process of introspection will invariably reveal less desirable qualities among our existing core values—whether a hot temper, self-absorption, lack of empathy, or fondness for status or power. These will get in the way of others trusting us. Only when seen for what they are can these undesirable tendencies be addressed.

Step 2: Rewriting Your Operating System

Next to knowing one's core values, the most important attribute an entrepreneurial leader can possess is a predictable, reliable, and intentional personal operating system. If that operating system isn't yet as reliable as the leader wants, refining it to that point should be a priority.

Everybody knows what a computer's operating system is. Humans have operating systems, too. An entrepreneurial leader must translate priorities into actions in order to generate results. This begins at the interface between brain and heart—in the "applications" used to solve problems and make decisions. In the same way that an operating system guides a computer's operations, a leader's personal operating system guides his or her everyday actions.

Like a programmer, you can rewrite and repair your own operating system so that it represents your best self and makes you the predictable, reliable leader that people will want to follow. Indeed, to craft your approach to that of a leader who may lead durable change, you must.

Any attempt to repair or improve one's own operating system must begin with an honest appraisal of flaws, imperfections, and negative tendencies. Sometimes we recognize these flaws by simple reflection. Very often, we recognize our imperfections in the pattern of feedback we receive from others. In other instances, we recognize our less-than-ideal habits by watching role models and then emulating them. In some cases, executive coaches or therapists can provide a helpful outside view and a path of guidance toward change.

This self-knowledge is the foundation for a level of trust that starts with deep reflection and with self-talk, and turns into an ability to deliver on compelling objectives, staff the execution, remove obstacles, and help team members to the summit. We become what we think about. Decide what you want to be, design your personal brand, and repair the operating system you inherited.

Step 3: Establishing Your Personal Brand

In our professional lives, our reputations are often called our personal brands—meaning what people who know us think and say about us when our name comes up. When we check references as part of the hiring process, we are assessing and auditing the candidate's personal brand.

Task number one in brand-building is to select attributes consistent with a unique value proposition. In building a brand that will serve as a foundation for trust, start not with what you want but what your customer wants. Who will be your likely customers? Where are the gaps in the market? What are competitors not providing? What are the half-dozen promises they can trust you to deliver?

Then, as you think about the attributes you want to emphasize, think about the kinds of core values you have deep inside you (as discussed in Step 1) and the operating system that governs your day-to-day behaviors (as discussed in Step 2).

If you aim to be known for creativity, seek out projects that

will require you to demonstrate it. Entrepreneurial leaders tailor brand attributes to the target market, whether they are dealing with a product or themselves. As leader, you can accelerate the market-sorting mechanism by being (a) intentional about what you stand for, (b) accurate and persuasive in how you describe it, and (c) relentless in its delivery.

To get a good sense of the current state of your personal brand, ask five people who know you best to describe you, using just a few adjectives. Look for overlap in what you hear. If you've asked the right people, you may not like everything they tell you. This is good news. It means you're getting useful feedback on what you might do to rewrite your operating system. After listening to and reflecting on this feedback, create an intentional plan for the brand attributes you want to emphasize, to subtly reposition how others see you—based not on spin but on behavior.

Create a Mission

Mission gives meaning, clarity, and priority to collective actions. Mission answers the question "What would winning look like?" Mission clarity puts everyone on the same page and resolves conflicts. Having the right mission is key to assembling the right team. A compelling mission identifies what the market needs and what stakeholders can bring to your efforts.

Step 1: Finding Meaning

Research shows that when team members believe in the mission of the organization, they perform better. Working alongside people who find meaning in their work is also more fun for everyone. Mission statements alone won't spark this emotional connection, but when done well, they can be a useful tool.

Part of the job of an entrepreneurial leader is to formulate and articulate this mission so that everyone understands it, remembers it, and owns it. When this happens, people sense their work has meaning.

Good mission statements are simple, powerful, and emotive. Here are some examples:

Disney: "To entertain, inform and inspire people around the globe through the power of unparalleled storytelling."

Amazon: "To be the Earth's most customer-centric company."

Nike: "To bring inspiration and innovation to every athlete in the world."

Mission statements should be short, unambiguous, and meaningful. Good ones leave no one guessing about what business the company is in.

Step 2: Setting Mad Goals

Too many of us make wishes—vague, adolescent hopes without sufficient power to change the trajectory of a life, a team, or a business. Goals, on the other hand, can be measured, are associated with deadlines, and come with an allocation of resources, an assessment of tradeoffs, and a sense of accountability. Unlike wishes, goals produce meaningful results.

Knowing how to establish great goals is a key skill for any entrepreneurial leader who hopes to build something durable.

The best goals share three qualities: They are memorable, aligned, and doable (MAD goals).

The Power of Memorable (M): The best way to make goals memorable is to keep them short, imbue them with compelling emotional content, and make them measurable. A memorable goal is, for example, "Running a marathon at age 35 faster than I ran it at age 25."

The Necessity of Alignment (A): Alignment is the set of forces that get a team moving in the same direction. Goals are aligned when they are in keeping with core values.

The Imperative of Doability (D): Goals are what you are trying to achieve; tasks are what go on a daily to-do list to work toward goals.

Step 3: Building Alignment

Put simply, alignment is the set of forces that get people moving in concert toward an agreed-upon goal, without much direct supervision or micromanagement by superiors.

Setting goals that are consistent with values shared by people in the organization and reflective of their natural priorities would seem a simple and logical first step for any leader. For most, however, getting this right and building a system around it that is aligned with delivering on a common goal is hard.

For the entrepreneurial leader, it is the sine qua non of running stuff successfully. Just as $E = mc2$ elegantly describes nature's correlation of energy to matter, the alignment of values, objectives, strategy, tactics, and controls captures the energy of the enterprise.

If a leader doesn't get his team aligned around the mission

and the goals, everything falls apart. People begin putting self-interest ahead of team interests and winning games ahead of winning championships. For that reason, building alignment is a quintessential task facing entrepreneurial leaders.

The best entrepreneurial leaders (1) hire for values; (2) set clear objectives that everyone understands; (3) come up with a strategy to achieve them that takes into account marketplace realities, organizational strengths, and the passions of the team; and then (4) develop the tactics to carry out the strategy.

Step 4: Crafting a Culture

Leaders are responsible for shaping the culture of their organization, whether they are building one from scratch at a startup or trying to nudge an existing culture in a more positive direction at a long-established firm.

When an entrepreneurial leader thinks about crafting a culture, he or she must consider two things: the type of culture the company would most benefit from having and the tools he or she will use to drive the culture in that direction.

Three adjectives to consider when describing a culture one hopes to craft are "trusting," "accountable," and "respectful." Trust manifests in a range of ways, but very often it's evident when leaders give team members the power to carry out assignments and tasks, and to make decisions, without too much supervision.

Accountability is a necessary condition for that kind of trust: If employees are given the freedom to work when and how they want and to make important decisions, they must recognize the implicit and reciprocal obligation that they will produce good results. Leaders support a culture of accountability by being clear about expectations and then ensuring negative consequences for those who miss deadlines, fail to meet a budget, or don't execute on the plan as they'd agreed to.

In a respectful culture, people treat each other with kindness and caring no matter what's going on in the business.

When it comes to the tools leaders use to shape culture, consider hero stories. Hero stories provide specific examples of people who've acted in line (or beyond expectations) in regard to cultural expectations. Celebrating real-life, specific stories serves several functions. It rewards the employee at the center of the story for above-the-call-of-duty behavior. It provides both a model and an incentive for other employees, who will want to mimic the action and perhaps be singled out as a future hero.

There's one additional thing leaders can do to shape the culture—arguably the most important one. It's getting the right people into the company and getting the wrong ones out.

> Nothing is more important to the entrepreneurial leader than ensuring the right people are on the field in the right positions.

Secure a Team

Teams succeed and fail together. An entrepreneurial leader empowers team members, reflects credit onto colleagues, and recognizes that business leadership is a team sport—one in which team chemistry matters. Nothing is more important to the entrepreneurial leader than ensuring the right people are on the field in the right positions.

Step 1: Hiring Great People

The best way to improve the performance of your team is to make the right choices when adding or replacing its members. An entrepreneurial leader's best decisions are her "great hires"; her worst decisions, "bad hires." The people you hire impact every part of your organization, from its values and vision to its ability to innovate, adapt, and survive.

Like finding a great investment, finding a great person takes diligence and some degree of luck. It means locating the best candidates, interviewing them carefully, doing in-depth reference checks, and coaching them well once they're on board. And it means finding people who are excited about the mission of the enterprise.

Keep in mind the following pitfalls when trying to identify and hire the best people:

- Mistake #1: Hiring yourself (over and over);
- Mistake #2: Hiring the résumé, not the person;
- Mistake #3: Failing to do in-depth interviews;
- Mistake #4: Lazy reference checking;

- Mistake #5: Freezing out your team;

- Mistake #6: Overrelying on internal or external candidates;

- Mistake #7: Making it all about the money;

- Mistake #8: Not onboarding properly.

Step 2: Demonstrating Effective Attitudes

Attitude refers to everyday behavior and demeanor, the emotions you project, how you interact with people, and the way you carry yourself. Do you behave in a way that encourages others to trust you? To respect you? Do you project the right blend of confidence and humility? And can you carry yourself as a leader honestly and authentically without having to resort to power plays?

For the most effective demeanor, focus on five elements of spirit, or character traits, possessed (or developed) by those most likely to inspire others to create durable change and lasting institutions:

Likable. In grade school, people know it's important to be liked, but when they enter the business world, sometimes they forget the importance of this simple dynamic.

Grateful. Gratitude is infectious. It leads to optimism, resilience, and a virtuous cycle that prompts others to kindness, respect, and generosity. People wired for gratitude spread good cheer.

Happy. The happiest people are not merely cheerful; they are joyful. They don't waste time in comparisons that put constant pressure on the organization to make sure everything is trued up at every instant. Be happy in your day-to-day work life—and if you're not, find something else to do.

Humble: Humility allows people to learn from mistakes, to embrace feedback, to grow with new information. Humble leaders create the kind of learning organization described by MIT's Peter Senge in his book *The Fifth Discipline*. By recognizing their own fallibility and the necessity of learning from mistakes, they mobilize teams to behave in the same way, recognizing shortcomings not as a weakness but as an opportunity to improve.

Humorous: Team members who are funny lighten burdens and make work fun. Self-deprecating humor—particularly from leaders unafraid of laughing at their foibles—comes not from self-doubt but from self-confidence. It communicates one's humility. This trait also creates a safety valve on pressure and stress.

Step 3: Helping People Improve

To make their organization perform well, every entrepreneurial leader should consider coaching a priority. This means finding joy in others' progress, celebrating it when it occurs, and giving feedback when it falls short.

The real power of feedback comes with its frequency, timing, and elegance. Give feedback in the moment. There's far more power in immediate coaching than in awaiting a year-end report card.

Letting people know how they might do better is often uncomfortable for new leaders. Feedback can stir up self-doubt, defensiveness, and career worries—and, if handled poorly, can be radioactive. So get good at it. Make it fun, nonthreatening, two-way, and frequent. And know that it's not about pointing out another's weaknesses or mistakes. It's about helping them build on their strengths, celebrating as well as correcting.

Finally, it costs nothing to ask permission before giving feedback. It's always granted; and it shows a level of respect that makes it easier to take.

Done right, feedback can be transformative and redemptive. Here are a few guidelines:

Don't wing it. The words you choose matter. Practice what you're going to say and how to say it.

Lean positive. Every time you offer feedback, some (if not most) of it should be positive. Look for opportunities to note successes even as you offer suggestions for improvement.

Be specific. Give examples and specific suggestions for improvement.

Don't deluge. People can only process so many suggestions at once.

Keep it confidential. Feedback sessions are private. Don't ever share feedback with someone else.

Deliver Results

With the foundations of trust, mission, and team in place, it's time to deliver results. The maps in this final section are not intended as a comprehensive "how-to" manual. Instead, they include practical tips, common pitfalls, and the mindsets and self-talk that can help any entrepreneurial leader deliver superior results. To juggle the competing claims of customers, shareholders, and team members, entrepreneurial leaders

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> # Making tough ones is the measure
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need checklists and wisdom. The following maps offer guidance for dealing with almost-certain challenges.

Map 1: How to Make Decisions

Entrepreneurial leaders rarely have the luxury of making perfect choices. Instead, they're choosing between imperfect options, making bets in the face of uncertainties, or making a call they know is suboptimal because of constraints that observers or the public may not even recognize.

Decisions are destiny. Making tough ones is the measure of the entrepreneurial leader. If you're making a lot of easy calls, you've failed to delegate. Most of the decisions you make personally should be close calls.

Since the quintessential job of leadership is to make changes that improve things, entrepreneurial leaders must learn the maps and mindsets for good decision making.

Consider the following rules for making tough choices:

- Eliminate the excuse that life isn't fair.

- Make good small decisions.

- Go into decisions expecting they'll work out.

- Own your bad decisions.

- Don't let biases drive your choices.

- Follow your instincts, not your emotions.

- Don't make important decisions in haste.

- Accept that most business decisions have at their core (a) cost–benefit assessments and (b) probabilities associated with an array of potential outcomes.

- Run the decision through the execution screen.

- If you make a mistake, correct it.

Map 5: How to Communicate

Leaders communicate all the time, whether they intend to or not, if only because others are watching them. While they may think employees communicate back transparently, the truth is that most people in most organizations don't tell

leaders what they think. Similarly, people in most organizations don't understand leaders' priorities, and they rarely think they're getting enough information.

Entrepreneurial leaders don't want distance and distortion; they want connection. They neither pretend to have all the answers, nor do they deny having preferences. They strive to remain open to influence.

Entrepreneurial leaders—like most presider-leaders—communicate with a message and an agenda. The difference is that they interact with people. They listen at least as much as they talk. And they learn from other perspectives and experience. In short, entrepreneurial leaders communicate from a mindset of participation, not control. They believe that two-way candor builds trust.

Here are five specific mindsets that will help any leader communicate more openly and more successfully:

- "I have valid viewpoints and can make a valuable contribution."

- "I can be influenced by new information."

- "I am genuinely curious."

- "Our goal is for the best idea to win."

- "I will balance inquiry with advocacy."

Map 10: How to Drive Change

The primary job of the entrepreneurial leader is to prompt, inspire, and measure change, often spotting the need for transformational change before many would see any need to change course. This means that entrepreneurial leaders often see around corners, recognize patterns, and solve problems before they become urgent.

Entrepreneurial leaders have several ways they may try to motivate change. Each of them can motivate people, but they vary in the extent to which team members will buy into the change and whether they will have a lasting impact on their behavior.

Force: The warden of a prison has the ability to get

inmates to do limited actions, but actions motivated by the use or threat of force are temporary at best. To change others' behaviors in a more permanent way, a leader must help team members want to transform, so that they are doing so voluntarily. Changes driven by force never work in a business environment and rarely have any lasting effect once the force is removed.

Fear: Many companies institute change when the business starts to decline. In these instances, the changes may be accompanied by layoffs as the organization tries to shrink expenses to match declining revenues. In this kind of environment, team members may accept change because they are afraid. Entrepreneurial leaders recognize that threat-induced change usually lasts only about as long as the threat is imminent.

Reward: Companies frequently try to incentivize change by changing their compensation plans. This is especially common among sales forces. Compensation is only one way to reward people. Recognition, celebration, and advancement may be less effective in the short run but are more durable in the long run.

Duty: A change initiative that relies on people's belief in an important cause or mission can have powerful and enduring results. Consider how dramatically Americans' behavior changed during World War II. Men volunteered for hazardous overseas duty; women performed grueling manual labor in factories; investors purchased low-returning war bonds; consumers cut back on purchases of goods needed by the military. Appealing to one's sense of mission is only possible when a deep affiliation exists between an individual and an institution. When that bond is strong, it is usually because of the meaning that has come from a commonly held mission.

Love: The most powerful motivator for durable change is love. People are willing to sacrifice when moved by love. When people feel real love for an organization, it is usually for their co-workers or a boss. And when the connection is deep, they may be willing to change in significant ways without the lure of personal reward or the fear of loss. Where love exists, change can be permanent.

As leaders learn to be more effective in precipitating change, they discover that the surest way to bring people along is to change their own behavior and establish visible new habits: to show the way rather than simply telling others how to do it.

Being an entrepreneur is a particularly energizing form of leadership in which one lights fires, innovates, creates new ventures, and plays a role vital in the economy and in society. It requires a mindset, a set of skills, a general adherence to best-practice maps, and the ability to survive.

And it represents the highest form of leadership.

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• *The Responsible Entrepreneur: Four Game-Changing Archetypes for Founders, Leaders, and Impact Investors* by Carol Sanford

• *The Pumpkin Plan: A Simple Strategy to Grow a Remarkable Business in Any Field* by Mike Michalowicz

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