

To what extent will the traditional "Employee Society" evolve into an "Entrepreneurial Society"?

Joe Entrepreneur:

It was a warm San Francisco summer day in 2018. Joe was walking back to his office from his car talking to himself, "What do I do with Rita". Joe the founder and CEO of a small automation/robotics design and fabricator wanted to develop a new culture within his organization. "We need to be entrepreneurial, if not we will not recognize new opportunities" he said to himself. He was convinced that his organization had to become entrepreneurial to stay competitive in the future.

Joe graduated from UCLA. While studying there, Drucker and his writings fascinated him. Joe became a Druckerite almost immediately and started to implement Drucker's teachings in his business. Joe was particularly impressed with Drucker for having introduced entrepreneurship concepts long before this became a global phenomenon.

As an entrepreneur and someone who followed Drucker's school of thought, he was convinced that his company needed to create an environment to generate pockets of entrepreneurial activities. He was just not sure how as an entrepreneur/leader and a manager he should accomplish this.

Joe was convinced that sound management practices must guide the process of starting and growing businesses. He was looking for specific employee behavior. He thought of a conversation he had on this topic with his mentor and old friend Egan some time ago. His words seemed to resonate with Joe. "You know Joe, individuals have behaved as entrepreneurs long before the term became popular and got picked up by academia and popular media". "Many successful entrepreneurs have a managerial streak in them or have great managers as partners".

He sat down in front of his computer and was about to open his emails when the phone rang. It was his CFO Tom. He picked up the phone and before he could say a word, "We are going to be short next month if we do not get the Siemens payment" said Tom. "What amount?" asked Joe, "\$350,000" answered Tom. Joe did not panic; he has been here before several times. He dialed a number to access his line of credit and transfer monies to cover his payroll. He was not worried about the payment. He has mentioned to Tom that he has to be made aware of any such delays. He remembered how the Siemens contract came about. Jerry, who was one of his best design engineers, brought to his attention that one of the Siemens logic controllers had a timing circuit problem. Jerry was able to address this by modifying the circuit. Rather than seeing this as a problem, Joe and Jerry suggested to Siemens, that they have a solution for the timing circuit, a modified circuit, which they can produce under license from Siemens as a joint venture. This led to the creation of Intellectual Property they then sold to Siemens.

Joe gave Jerry additional responsibilities and now Jerry headed up a small division to develop similar opportunities. Thus, a beehive of activity developed and ran head-on with not so entrepreneurially inclined employees who worked with Jerry. These were some of the most cherished individuals that Joe relied on, but they were just not able to embrace Jerry and his ideas. Especially, one of his key employees, Rita who was the head of R&D, was one of the main opponents of this effort.

In her defense, Rita was very good at what she did. Her MIT degree and her ability to automate from the mundane to the very exotic of processes made her very valuable to Joe and the entire organization. Rita as an engineer avoided risk and by design minimized risky elements of any system. Nevertheless, what Rita was not able to see was that taking risks did not imply abandoning safety, but rather it meant innovation. Rita needed to become more entrepreneurial in her thinking and join the Entrepreneurial Society. However, to Rita “Entrepreneurial” meant companies like Enron, MCI World Com and several other instances where greed was normal business practice rather than “genuine” creative and innovation thinking that Drucker promoted. Rita remembered an article that she had read somewhere that mentioned how entrepreneurship allowed individuals to waste valuable resources. Individuals who thought they were entrepreneurs did not have a clue as to how to start and manage a business were wasting money, human capital, and valuable infrastructure resources. These resources should be available to large corporations and government agencies with solid R&D initiatives. The phone rang and when Rita answered, her colleague stated, “There is a problem with circuit boards we are putting in the control panels for P&G. “Will be right there” replied Rita.

Changing Course:

Joe was thinking about risk taking as one of the elements of an “Entrepreneurial Society”. As he was pondering over this, there was a knock on the door and Jerry walked in and started talking. “Joe, there is a problem with one of the circuits we are using and need Rita to look at this”. Jerry felt that he needed to discuss this with Joe before he went to Rita. Joe was opposed to such thinking but understood why Jerry was in front of him. Previously when Jerry approached Rita without discussing with Joe, Rita forced Joe in to the discussion. Joe wanted Rita and Jerry to work together as an “Entrepreneurial Team”.

He went to his friend and mentor Egan. As a researcher and Druckerite himself, Egan was extremely interested in establishing a rubric for a better definition and understanding of “Entrepreneurial Societies”. As a Drucker follower he was not only well versed in Drucker’s management theories and approaches, he was also very engaged in the promotion and practice of Drucker’s approach to management.

Perhaps it was Schumpeter and others like Schumpeter who were regular dinner guests at Drucker’s household who influenced Drucker, but it was obvious that Drucker was a steadfast proponent of innovation/creativity and relevant management practices that did not curb or limit creativity or informed risk taking. As Egan was thinking about how to answer Joe’s question, he listed the three things that an “Entrepreneurial Work Team” (E Team) must possess.

1. Innovation and Risk Taking
2. Resource planning
3. Effective execution.

“This is what I will tell Joe” Egan said to himself. There was no research to back this up, but as a theorist and expert management consultant Egan had a gut feeling that any team that possessed these elements must be entrepreneurial. The only caveat is that entrepreneurs do jump in to a situation without really answering the resource question. Entrepreneurs knowingly go after an opportunity even if they do not have all the resources they need. That is part of this, “The Gut Feeling”, what does your gut tell you? “Hmm, how do I explain to Joe regarding this gut feel?” Egan thought to himself as he was preparing to meet with Joe.

After he met with Egan, Joe gathered his leadership team. “We are establishing “E Teams” he announced to his leadership team”. Entrepreneurial thinking and behavior is the norm and not an optional attitude or exercise that we engage in from time to time. There are several key aspects to this and we need to decide how we will as a team implement this”

“What do E Teams do that is different from what we do now?” Rita asked

“E Teams will be given an opportunity to engage in creative destruction, and rethink everything we do for design, fabrication and execution of innovation,” said Joe

“We ask employees, suppliers, customers, competitors this question. What can we do to innovate everything we do as a business?”

“Joe, we can develop a new epoxy painting process that meets stricter EPA standards and parts per million (PPM) requirement”.

“It is cheaper to get painted enclosures from Mexico” chimed in Tom.

“True, said Jerry, but they are polluting their environment and eventually we need to change such practices, Off site processes that take place in China, India and other developing nations are not sustainable. We can revolutionize the painting process for epoxy paints and perhaps we can even patent it”.

There was nothing but silence.

Joe waited for some reaction from Rita and others in the room. None came. And after a few minutes of this awkward silence Joe spoke up “As difficult as this maybe from a numbers perspective, process perspective, Jerry’s idea of revisiting this is exactly the type of behavior we need to encourage each other to engage in as part of this new approach. I challenge all of us to brainstorm the craziest, silliest and outrageous ideas and thoughts we can come up with”. “We need to collect these and examine each one to see if any of these ideas can be further explored”.

Rita spoke up, “This means I have to waste my time thinking about ideas that may never go anywhere, or worse just “plain” stupid and perhaps even impossible to implement and not within our reach and waste our scarcest resource of all, our time”.

“Yes”, said Joe with a lot of doubt in his voice.

“We may end up wasting our time on this, but I would challenge all of us not to waste any resources. I believe that not to do this is a waste of talent, and the opportunity cost will be higher in my humble opinion”.

Rita finally said, “Joe, I respect you and will give it my best efforts”.

“That is all I can ask”, sighed Joe and added, “Rita, I want to make this clear, I am not in anyway suggesting that we abandon our mission, values, “ethics” and purpose”.

“I am merely seeking to create a way of thinking that is already very commonplace in our society”.

Joe continued, “I am afraid that if we do not become more entrepreneurial in how we fundamentally solve problems, create change and innovate, we are going to be left behind”. “The world will be a better place if we all do this for the common economic good”. “If there are no other questions, meeting is adjourned”, Joe said.

“I have a comment”. Chimed in Tom, “I have heard and read about entrepreneurship, but my concern is how we measure progress and success. After a few months of doing this and spending our time on this how will we know that we are now behaving more like an entrepreneurial society should?” Joe simply said, “I am still figuring this out, perhaps one way to look at this is to see if this process will produce new and different revenue streams, while maintaining the existing ones”. “I would also point out that revenue streams are one possible measure of success. We will devise others as we go along this path”.

The Entrepreneurial Society:

It was another warm summer day in San Francisco in 2023 and Rita was at a neighborhood picnic. She usually did not discuss work at these events, but her neighbor and good friend, a nurse named Megan, told her that she decided to leave her job and start her own nursing care facility. “The administrivia in hospitals seem to curb new approaches that will improve the quality of life for patients”, stated Megan. “Therefore, I started my own facility”.

Rita repeated one of her recent conversations with Joe. “Although I cannot articulate exactly how we are entrepreneurial, I know that we are because of the innovation that is occurring here, Thanks Joe”. Joe simply smiled and replied, “You are welcome”.

Rita went on to explain to Megan about how she and her colleagues, especially Jerry, have learned to think more entrepreneurially and added how it is an attitude and mindset tempered by sound management practices. Rita knew that the new processes and value added designs that they were able to develop were because of the entrepreneurial culture that now existed in her place of work. Megan said, “We now live in an Entrepreneurial Society”, “More wine?” Rita smiled and nodded yes.

References:

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