

# Eight Ways to Create a More Entrepreneurial Workforce

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*E*ntrepreneurial is quickly becoming a buzzword in the corporate world, and no wonder: With each passing day, the global economy is becoming faster, flatter, more connected, and more competitive. Companies have to move at lightning speeds to survive and thrive, which means that their employees—all of them—must be fully engaged, agile, and innovative self-starters.

In other words, "good enough," "yes men," and "the way we've always done things" aren't cutting it. Entrepreneurial habits are becoming a requirement, and they aren't just for small businesses anymore. If your company isn't driven by people who are motivated to distinguish it in terms of performance, quality, and creativity on a continuous basis, its days are numbered.

This article describes key changes companies can make to allow, encourage, and grow innovation.

## 1. CUT THE BUDGET

If necessity is the mother of invention, being undercapitalized is surely the father, and right now, invention in your big company may be lacking both parents. For example, when your staff knows that they will get paid whether or not they are resourceful and innovative, there is little incentive for them to become agile entrepreneurs. And when their budget is based on what they spent last year, how are they encouraged to reduce their spending?

On the other hand, small businesses have to make do with limited resources. That requires them to be creative, imaginative, and cooperative. And in the process of being undercapitalized, an interesting thing happens. Small businesses discover new ways of doing things that break the mold and, sometimes, reform entire industries. They can't rely on the momentum and market share of a big company to push a mediocre idea to the marketplace. They now must come up with products and services, procedures, and processes that are truly revolutionary. The good news is that this entrepreneurial spirit isn't found only in small businesses. Cutting your company's budget can encourage this entrepreneurial attitude in employees who don't possess it already. Having fewer resources (and lacking a complete safety net) will compel your people to think out of the box and come up with truly unique ideas. And when throwing money at every problem is no longer an option, employees will look at the market with fresh eyes, find a new niche, and sell in a resourceful fashion. So take a close look at budget requests. Don't just rubber-stamp them. It's not so much the money you'll save; it's the innovation you'll generate.

## 2. CHANGE THE STRUCTURE

Corporate structure itself may be the biggest impediment to out-of-the-box thinking. In a desire to get the job done and be more efficient, some large corporations take the

division-of-labor concept too far. Your organization may become so siloed that information gets lost in the shuffle. Good ideas in this structure have to go up, over, and down, and may get lost in translation—or worse, actually be suppressed at lower levels in the name of job security.

This type of structure has evolved in big companies to protect owners, presidents, and vice presidents from the day-to-day details required to get the job done. And, to some extent, it makes sense: when mid- and lower-level managers handle the details, upper-level staff members are free to concern themselves with the big picture, reviewing reports, and making the major decisions.

All seems well until you realize how many good ideas never get to those decision makers. The structure itself demands summaries, generalities, and simplified answers as

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information moves up, but some gems can fall through the cracks in an effort to “boil it down.” Furthermore, middle- and upper-level managers may not interpret the information properly because they may be isolated and insulated from the actual problem.

However, small companies are willing to sacrifice that strict division of labor, making way for growth and innovation. Out of necessity, they share more information and welcome suggestions from anyone. What follows are suggestions that may work for your company as you try to unearth entrepreneurship from under the corporate pyramid.

- ❑ **Focus on permeability.** Identify the areas of interdependence between

departments, and knock some holes in the silo walls so folks can communicate directly through to their counterparts. This will allow ideas to bounce back and forth between different skill sets, resulting in some truly innovative ideas.

- ❑ **Designate ombudsmen.** Reduce your mid- and upper-level management and repurpose some as ombudsmen. Make them go-betweens to work with your salespeople and your marketing people, your customer-service people, and your production people. Their job is to understand the challenges to sales and distribution and to share that with the entire team. They’ll become the repository for proposed solutions and take them—intact and undiluted—to the top.
- ❑ **Pancake it.** By flattening out your pyramid, you increase access to top-level managers and owners. This way, good ideas are less likely to be muffled, misstated, or dropped. Owners would do well to pepper the organization with equity holders who have a financial interest in discovering innovation.
- ❑ **Go sideways.** Unlike small companies that focus on one major idea or brand, big companies have many initiatives going on simultaneously. In the process, they can lose creativity because their people see only limited aspects of the product or service rather than the whole picture. Try creating lines of communication that cut across divisional boundaries, and focus on a program rather than a division of labor.

### 3. FOSTER A MORE POSITIVE COMPANY CULTURE

If you’ve ever been a part of a small company, you know that start-ups operate a lot like families. Owners must provide

an environment that encourages creativity every day, and they can't afford to have strict chains of command. Plus, employees and owners alike are much closer to the true source of their income: their customers. All of this makes company cultures very open, collaborative, and positive and forges a team focused on sales and survival rather than turf wars and job preservation.

We have worked with clients who have asked us to improve their company cultures *without* changing their structures or compensation systems. Although there *are* consultants who will attempt to do just that, we have found that, ultimately, people need to know where their checks really come from, and they also need opportunities to cultivate creativity.

What follows are four elements typically found in small start-ups that will help your company to foster a positive culture of creativity, innovation, and entrepreneurship.

- ❑ **Income.** Employees at larger companies can easily get the idea that they are paid whether or not they are productive and creative. The pink slip is usually their first indication that something went wrong. That's why HR should start every new employee's orientation with a thorough education of how money originates with customers, goes through many twists and turns, and eventually winds up in their paychecks. This reality lesson should be reinforced using visuals, such as graphs, and the assurance that bonuses are tied to sales and profitability. When employees see the money trail, it is easier to come up with new solutions and ideas.
- ❑ **Permission and procedure.** Experimentation and risk taking are essential to discovering something new. First, employees need permission to go out on a limb.

Inevitably, some limbs will break, and when they do, make sure your company has a procedure whereby the mistake is acknowledged, discussed in an open forum, and used to update and improve processes and procedures. Hiding mistakes and failed experiments because of a culture that doesn't tolerate them stifles creativity.

- ❑ **Encouragement.** Pleasing the people we look up to and respect is a behavior we learned during early childhood development. As adults, we still look to our superiors for approval and for confirmation that we are doing the right thing. As your department works with your company's leaders and defines their roles, encourage them to coach their teams and assure individual

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- ❑ **Acknowledgment.** Small start-ups know that when they publicly acknowledge a good idea, they not only reward the person who came up with it, but they also give the rest of the team a reason to appreciate their coworker. Further, the team sees which behaviors gain public praise, and they're motivated to earn that for themselves. Unfortunately, legal departments in big companies often discourage documented praise for fear it could be used against the company in the future. If such a policy exists in your company, consider

changing it. If that's not possible, again, instruct your management team to verbally praise and acknowledge the achievements of their people.

#### 4. HELP YOUR PEOPLE LEARN TO CONNECT

E-mail, texting, and social media are no longer just helpful supplemental business tools. They've taken over the whole game. Particularly in large corporations, people are often reluctant to do something as simple as picking up the phone, preferring to shoot off an e-mail instead.

This technology takeover is not without consequence. Misunderstandings abound. Relationships stagnate. Trust is at an all-time low. And all of these issues are at least partially due to the fact that genuine human connections have been replaced by mouse clicks and keystrokes.

You don't see that in start-ups. Entrepreneurs (the successful ones anyway) know that your physical presence—or at least the sound of your voice—builds trust you can't even approach with a keyboard, screen, or profile image. In growing our wine-making enterprise, Barefoot Cellars, we would have never gotten satisfactory results if we had tried to build relationships via e-mail and social media. The Barefoot brand would never have become a national bestseller without meetings, phone calls, and recurring personal visits that kept relationships all over the country healthy and up-to-date.

We're not saying that social media and technology should be avoided—they *do* have their place—but they are not, and never will be, a substitute for in-person interaction. People don't just buy your product; they buy *you*. That being the case, one of the most

valuable things your company can do is help its people learn to connect like entrepreneurs.

In training and professional-development sessions, encourage employees to:

- ❑ **Invest meaningful amounts of time with each other, and especially with clients.** In essence, an investment of time says, "While there are many other things I *could* be doing, I'm choosing to spend my time with you. That's how important I think you are!" Minutes and hours spent with another person have the power to create a bond that money can't buy.
- ❑ **Give personalized attention.** When you use someone's name along with eye contact and an attentive demeanor, that person is more likely to be agreeable and to give you the benefit of the doubt. People want to work and do business with people they know.
- ❑ **Solve problems face-to-face and in real time.** When you're talking to someone in real time, you can make progress in real time and solve problems in real time. Facial expressions, body language, and tone of voice all help to improve communication.
- ❑ **Learn the basics of body language.** It's a good idea to spend a little time learning the basics of body language. For instance, if you know that hands in one's pockets indicate boredom or disinterest, whereas leaning slightly forward indicates interest, you'll be able to respond more accurately to others and avoid sending messages you don't mean to.

#### 5. MAKE SURE JOB PRESERVATION DOESN'T SUPPRESS GENIUS

One of the advantages smaller companies have over larger organizations is direct

contact between staff and owners, allowing good ideas, innovation, and creative solutions instant exposure to the top decision makers.

In large companies, too often innovative ideas get dumbed down or misstated or downright suppressed on their way to the top decision makers. As was mentioned earlier, the nature of the chain of command can prevent upward communication to top executives. Sometimes, good ideas can be perceived by supervisors and managers as unworkable, or if they are workable, the ideas may be seen as a threat to the leaders' own job security.

In other words, these gatekeepers have tremendous power to suppress good ideas, and the folks they oversee know it. Some may think, "Why bother? My idea won't ever see the light of day." They wonder if their good idea will make their supervisor look "bad," or if their supervisor would choose to give credit to a lower staff member for something they believe they should have thought of on their own.

Providing a mechanism that allows for direct communication between top management and other staff members is essential to creativity. When big companies allow good ideas to "leap-frog" to the top, they send a message to all staff that their ideas are appreciated, and that each person can communicate his or her own ideas in their original form. This method is specifically used to encourage and deliver ideas, and not to undermine the authority of managers. Here are four suggestions on how HR professionals can encourage entrepreneurial ideas:

- ❑ **Visits.** In order to encourage creativity, ingenuity, and imaginative solutions, have top executives make regular visits to the various departments. Have them spend the day in each specifically to hear new ideas and suggestions.

- ❑ **Embedding.** Place equity holders in key places throughout your organization to be repositories for creative ideas. Because staff members know that improving the company is more important than job preservation to equity holders, they are more likely to share their ideas with them.
- ❑ **Forum.** Once a quarter, have an idea forum where employees are encouraged to share their ideas with top management either in person or online, webinar style. Provide a reward for ideas that are utilized. By setting the parameters, purpose, and frequency of the forum, you are sending a powerful message that says, "We know you have great ideas, and we want to hear them."
- ❑ **Competition.** Have a contest for the best idea from each department and the best

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overall idea for the company. Make it quarterly, semiannually, or annually. Share the winners and their ideas with the entire company to reinforce this behavior.

## 6. DON'T LET LEGAL DRAG YOU DOWN

One of the reasons it is difficult for larger companies to become more entrepreneurial is because many have given their legal departments too much control. In their well-meaning desire to mitigate liability and avoid litigation, compliance often gets the last word on anything creative or out of the ordinary,

allowing the legal department to sit in judgment over any new idea. Often, many creative people are discouraged from making suggestions because they know their ideas will "get stuck" in compliance, thus earning that department the nickname "the sales-prevention department." What makes matters worse is that even though the company's very existence is based on remaining relevant and cutting-edge, the legal department is not paid on production or sales performance. On the other hand, small companies must rein in their legal costs and often pay in-house legal counsel on company performance. They can't afford to pass everything by the legal department, so they rely on prewritten guidelines to survive.

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We believe large companies can learn from their smaller counterparts how to change the paradigm of their legal department to encourage entrepreneurship within their corporate structures. Here are some suggested changes.

- ❑ **Not "if," but "how."** It's important for legal to attend sales meetings (where they can hear the challenges of the field first-hand) so they can anticipate legal creative strategies. Instead of presenting the legal department with a finished proposal that the members can sit in judgment over, show them the purpose of the proposal and ask them to find a way to legally achieve the goal.
  - ❑ **Guidelines, not long lines.** Once the members of the legal department are paid based on the performance of the company, they will not want to miss sales or other opportunities that present themselves. Encourage them to develop guidelines so everything doesn't have to go through compliance. Well-written guidelines can remove some of the backlog of applications for compliance that choke off creative solutions.
- 7. FIND, ENCOURAGE, AND PROMOTE CREATIVE THINKING**
- Every successful entrepreneur will tell you that a large part of his or her success has to do with people. From recruiting creative people to sharing challenges with them, from soliciting their creative problem-solving talents to public awards for great ideas, entrepreneurs are always finding new ways of doing things. Without the giant budgets, infrastructures, and distribution systems of large corporations, they must rely on out-of-the-box thinking to succeed. Big companies can learn a lot from how the thriving smaller companies do it. What follows are three practices successful entrepreneurs use to find, encourage, and promote creative thinking.

- ❑ **Recruit.** Because there was a big wine shortage in California in 1995, when we recruited a new winemaker for Barefoot Cellars, we needed more than a winemaker—we needed wine! So during interviews, we asked candidates how they would solve this problem. Several said, “Reduce sales until the shortage is over.” We didn’t hire those individuals. But Jennifer Wall said, “Somewhere in the world, there’s too much wine!” We hired her that day!

HR professionals should not shy away from sharing company challenges with recruits, even before they are hired. Take this opportunity to gain insight as to how candidates think and solve problems. It’s also a great way to demonstrate that you not only value creativity, but that you are hiring for it.

- ❑ **Solicit.** Entrepreneurs need help not only from their own people, but also from their vendors, suppliers, creditors, and customers. Their survival depends on it. So instead of operating on a strict need-to-know basis, encourage everyone in your organization to operate on a know-the-need basis. Regularly share your concerns with all who work with you. At Barefoot, we found that this strategy sent the message that we respected others’ opinions and that we knew they had the insights required to come up with creative solutions. Because our challenges were made public, our staff and business associates often came up with incredible solutions.
- ❑ **Award.** When people are publicly acknowledged for their creative contributions, two things happen. First, other staff members realize that they, too, will be acknowledged for their ideas, thus encouraging them to think about problem solving. Second, the entire staff now knows

more about what the awarded person does, resulting in more respect for their teammate’s responsibilities and contributions. This builds a positive company culture of true teamwork. Awards can be announced in memos, newsletters, or contests—the more often, the better. Acknowledgment also worked well for Barefoot with vendors and suppliers, as well as distributors.

## 8. CREATE YOUR OWN SKUNK WORKS

Originally used by Lockheed Martin to identify a secret aircraft development group within the larger company, the term *skunk works* is used today to broadly describe an autonomous company within a company.

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Usually, it refers to a small group of people who are allowed to work on a project in an unconventional way, unhampered by most of the restrictions of bureaucratic red tape (much like a small entrepreneur with a start-up company). The members of the group report directly to senior executives.

This approach to new ideas and product development can provide the big company with unconventional solutions that come from outside the corporate mind-set. Skunk works can keep larger companies relevant by allowing a fresh, “independent,” outside perspective on ways to address the ever-changing needs of the market.

With limited budgets and direct access to ownership, small start-ups are similar to

skunk works. They're light on their feet and can change course quickly. They can't afford to suppress imagination through compensation or structural restraints. They don't care how far down on the ladder a good idea comes from. To them, company survival and growth are more important than job preservation.

If you are contemplating a skunk works for your big company, here are some suggestions to get the most out of the experience.

- ❑ **Define your goals.** The purpose of the skunk works should be clearly defined with deadlines, metrics, and budgets.
- ❑ **Allow autonomy.** The manager should be given almost complete control in all aspects. He or she should report directly to a division president or higher.
- ❑ **Keep it small.** Use the minimum number of people required to develop the idea. Let them contract outside services from the larger company or others.
- ❑ **Use a separate location.** Physically separate the skunk works from the main

company. This will encourage freedom and reduce "contamination."

- ❑ **Keep it clandestine.** It's better to keep the existence and goals of the "works" under wraps to reduce notoriety, pressure, and personnel issues.
- ❑ **Demand few reports.** Keep reports to a minimum but require that senior executives are regularly informed of significant developments.
- ❑ **Make it a separate investment.** Just like an investor funds a proposal and business plan, the big company "funds" the "works" to develop the product or service. This helps keep the relationship outside the bureaucracy.

As your organization seeks cost reductions, market advantage, and increased agility and innovation, look for ways to inject an entrepreneurial spirit into the company culture. Employing tactics used by successful start-ups can be the key you need to unlock good ideas, creativity, and motivation from your own people.

*Michael Houlihan and Bonnie Harvey, authors of The Barefoot Spirit: How Hardship, Hustle, and Heart Built America's #1 Wine Brand (Evolve Publishing, 2013), started the Barefoot Wine brand in their laundry room in 1986, made it a nationwide bestseller, and successfully sold the brand to E&J Gallo in 2005. Starting with virtually no money and no wine industry experience, they employed innovative ideas to overcome obstacles and create new markets. They were pioneers in what they termed "worthy-cause marketing" and performance-based compensation. They held a comprehensive view of customer service, resulting in the National Hot Brand Award for outstanding sales growth in 2003 and 2004. Houlihan and Harvey share their experience and innovative approach to business as consultants, authors, speakers, mentors, and workshop leaders. They may be contacted at Michael@BarefootWineFounders.com and Bonnie@BarefootWineFounders.com.*