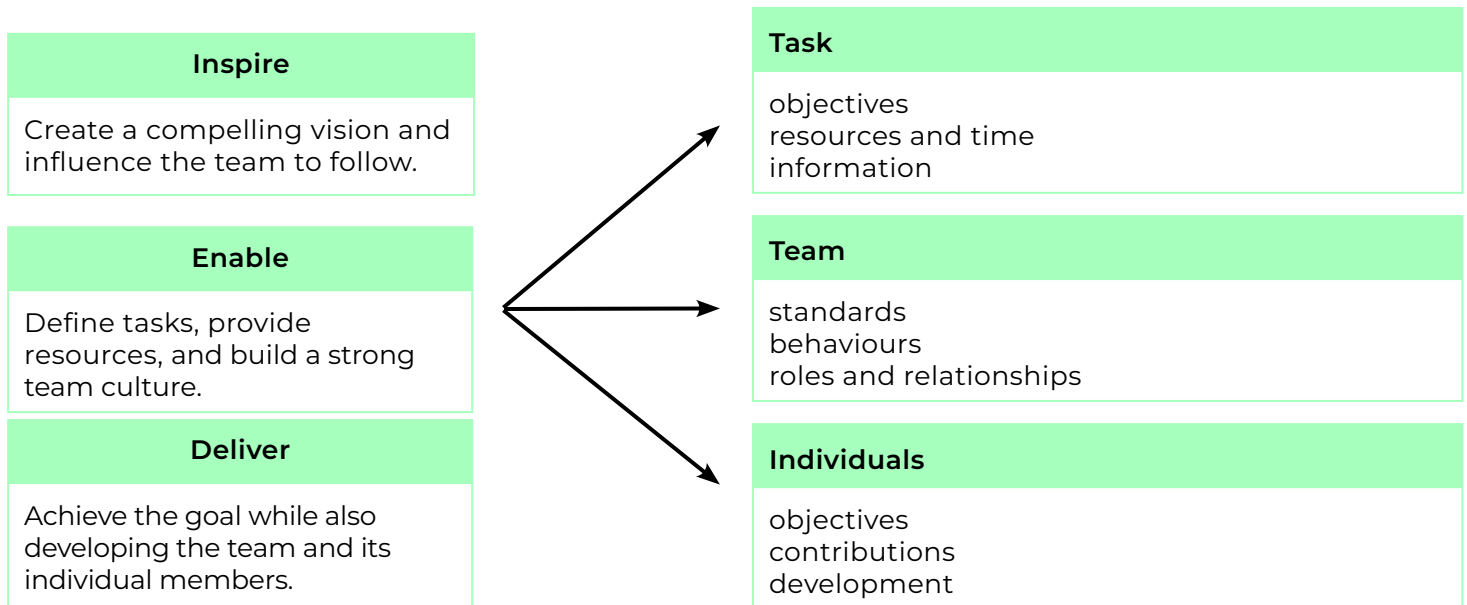# 3. Leadership for entrepreneurs

Personal business and enterprise skills
Leadership and negotiation for entrepreneurs

The path from concept to successful project or product is uncertain and can be difficult. While engineers can solve challenging technical problems, effective leadership is needed to ensure the right problems are being solved and the right steps are being taken, communicate a clear vision of the future, and create followers who help to deliver success through new and innovative forms of customer value.

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Understanding leadership

Leadership guides a team or organisation in new directions, towards different approaches that create new value. It is therefore an essential task for any entrepreneur: while good management might improve how current goals are achieved, leadership creates a vision of new goals and inspires the journey to reach them.

Leaders have three broad responsibilities: to inspire, to enable, and to deliver.

Inspire
Create a compelling vision and influence the team to follow.

Enable
Define tasks, provide resources, and build a strong team culture.

Deliver
Achieve the goal while also developing the team and its individual members.

Task
objectives resources and time information

Team
standards behaviours roles and relationships

Individuals
objectives contributions development

Your **leadership style** describes the way you approach these responsibilities, the decision-making in the team, and in turn how your team perceives and responds to you. There are four leadership styles:

The optimum leadership style is a flexible approach where you adapt your style to suit the team and the situation, maximising how you enable the team and individuals to successfully complete tasks.

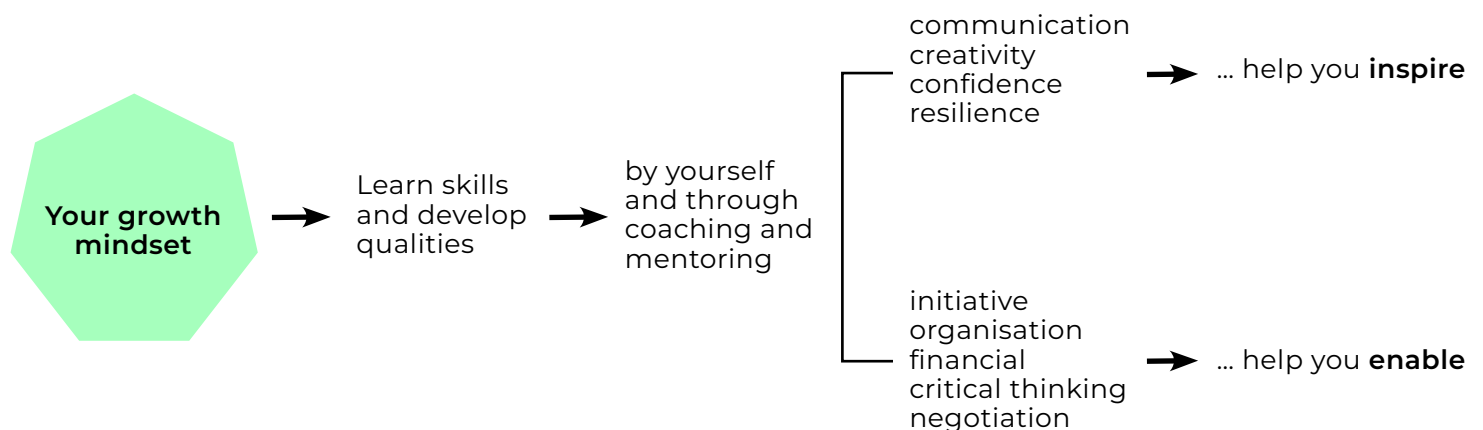| Autocratic	Democratic
'tells' The leader excludes the team from decision-making.	**'sells'** The leader consults the team in decision-making.
Participative	**Laissez-faire**
'tests' The leader and team make decisions together.	**'empowers'** The leader delegates decision-making to the team.

Check your understanding:

1. Suggest one advantage and one disadvantage of each leadership style for an entrepreneur, giving an example of when each style might be best.

2. Suggest why effective leaders seek team members with better skills than their own.

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Developing your leadership

There are conflicting views on whether leadership is a quality only some people possess, or a skill anyone can learn. Embrace both views: while some entrepreneurs may possess more charisma and confidence than others, leaders depend on skills every entrepreneur can develop..

Your growth mindset – your belief that, with effort, you can improve – is your foundation for developing your leadership. It motivates you to develop the skills and qualities you need to inspire and enable.

Your growth mindset → Learn skills and develop qualities → by yourself and through coaching and mentoring

communication
creativity
confidence
resilience → ... help you **inspire**

initiative
organisation
financial
critical thinking
negotiation → ... help you **enable**

Your growth mindset and enterprise mindset work together to help you identify and seize opportunities to develop your skills and important qualities like resilience and confidence. These opportunities may come from any aspect of your life – not only your work. While your initiative will help you achieve much on your own, **your personal network is an essential source of guidance and advice** which can help you obtain coaching (support to achieve a specific goal or optimum performance) and mentoring (longer-term support from an experienced guide, to achieve broad personal growth and development).

Mentoring becomes especially important if you are choosing a direct route to enterprise and bypassing a career with employers that may provide internal mentoring. Local enterprise hubs and business networks can provide the mentoring you need, but it is up to you to identify your needs, seek support, and build strong mentoring relationships.

Regardless of how you develop your leadership, **your progress and success depend on your willingness to listen to and respond positively to feedback, learn, and adapt.**

Check your understanding:

3. Explain why an entrepreneur might need strong integrity (do the right thing) and resilience (recover from setbacks).

4. Why might an entrepreneur need or want to recruit or otherwise obtain external leadership expertise?

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Leadership in innovation and enterprise

Every leader must deal with risk and uncertainty. However, these are particularly important features of innovation and enterprise: moving forward at speed will uncover new challenges that may require a re-evaluation of the goal or a pivot to a different approach.

Entrepreneurs must ask and answer questions that help them inspire and enable their team to deliver new customer value while navigating this path.

These risks and uncertainties emphasise the importance of finding mentoring opportunities from people who have experienced and dealt with these challenges themselves.

They also influence what leadership style is most suitable when dealing with uncertainty. If a challenge or setback does not mean re-evaluating the goal, founders may prefer an autocratic approach that keeps the team focused on the original vision and goal. But if a novel approach or pivot is required, then the founders may need to listen to the team's wider experience and creativity, as well as those of external mentors, in a more democratic or participative response.

Inspire	Are we focusing on a specific technology application (technology push), or on delivering specific customer value (market pull)? How will our focus influence how we respond to setbacks? How do I need to refine the vision and goal as our understanding of market fit develops?
Enable	What is important and what should we ignore? What data is most important to assess our progress and success? How can I support team focus and morale if our objectives change? How can I build a team culture of creativity, resilience, and agility?
Deliver	Is there more than one route to deliver what customers value? Are there other applications or markets we have not yet identified? How can challenges and setbacks become opportunities for development?

Check your understanding:

5. Suggest examples of when a leader might need to inspire and enable flexibility or agility when developing a new product (eg possible setbacks or discoveries).

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Case study: Planning for leadership

Background

You are part of a small informal team of colleagues who meet over lunch to share and solve problems or bounce around ideas.

Two of the team have identified an opportunity for a new 'interprise' – an adaptation of your employer's technology in a new market. They think that a flexible sensor technology they are developing for automotive race teams could have significant applications in health monitoring, for example, to provide non-invasive monitoring of conditions like diabetes or cancer by sampling chemicals in the blood. In particular, the sensor design allows it to be recycled or refurbished for reuse, as well as adapted to sense different molecules, and can easily pair with a smartphone app.

While they have significant technical expertise, they are looking to you to help develop a vision (a compelling description of what the startup aims to achieve) and lead the team developing the idea.

Your task

1. Write a clear, concise, and compelling vision for this startup idea. Make sure your vision focuses on customer value rather than a specific technology application. Who would your customers be?

2. Suggest key roles or areas of expertise you would want to include in the intrapreneurial team.

3. Suggest key tasks the team might have to complete to reach their goal of bringing a product to market.

4. Based on your vision, suggest three criteria that would define success for the team.

Extend your learning

A 'spinout' is a startup company created to commercialise the results of academic research.

Visit www.imperial.ac.uk/engineering/research/imperial-startups/ and use the links to identify:

- the mission or vision of each spinout, which the leadership uses to inspire their team

- the customer value that each company's leaders are focused on delivering.

Apply your growth mindset and enterprise mindset to identify and seize opportunities to develop your leadership skills and qualities. Who in your personal network could provide valuable coaching or mentoring to you?

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Answers: Check your understanding

These are example answers – your own suggestions may differ.

Understanding leadership

1.

Autocratic	Democratic	Participative	Laissez-faire
Sets a clear vision for the enterprise …	Reduces risk and increases performance …	Builds trust and a strong team …	Builds responsibility and initiative …
… but can overlook other points of view.	… but can slow down decisions and progress.	… but can lose focus on a clear goal.	… but can create uncertainty.
Best when a quick decision is needed.	Best when expert views are needed.	Best when considering long-term issues.	Best with a proven team with a clear goal.

2. Effective leaders seek team members with better skills than their own because they understand how other people contribute to their own success. They are aware of their weaknesses and focus on applying their strengths.

Developing your leadership

3. A leader needs integrity so the team can trust the person they follow, have confidence in the mission and vision, and know that decisions are guided by a strong moral compass. Resilient leaders can support the team and lead them through setbacks or periods of difficulty, staying focused on the goal.

4. The founding team of a new enterprise is likely to have a high level of technical skills and experience but may be unfamiliar with the business and financial aspects of running an enterprise. While many engineers can learn these skills, some may find it hard or prefer to delegate. They may employ someone with industry experience or get advice and guidance from investors.

Leadership in innovation and enterprise

5. Flexibility helps an enterprise deliver products and services that have a strong market fit, which may mean adapting the founders' original ideas. An inflexible approach can lead to products that fail because the leader's vision does not match what the market wants. Agility is needed to rapidly respond to setbacks or unexpected changes in the market, the regulatory environment, or supply issues, while meeting investor and market expectations for progress and performance.

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Answers: Case study

These are example answers – your own suggestions may differ.

1. A vision for this startup idea might be:

"Sustainable sensors that transform lives through real-time diagnosis and patient care."

Direct customers for applications like cancer diagnosis or monitoring where expert support is needed would be the NHS in the UK and health providers in other countries. For other conditions, like diabetes, that are self-managed, customers might also be the patients themselves.

2. To apply the technology in the medicine and healthcare market, the founders would need to include:

• consultants and doctors with experience in diagnosis, monitoring, and patient care

• people with experience of medical device design, testing, and licensing

• people with sales experience in healthcare (to providers and to patients)

• app developers.

3. Key tasks would include:

• designing a sensor that sticks to the skin and is easy to apply and remove

• modifying the technology to sense different molecules

• producing diagnostic data that is at least as good as current lab tests

• coding an easy-to-use app

• proving to customers that the sensors provide new sources of value

• manufacturing sensors at a price the market can afford, and which generates acceptable profit.

4. Success criteria would link to these tasks and could include:

• lab-quality diagnosis data in a convenient product

• medical licensing in each potential market

• meeting or exceeding sales projections in each market.

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