



M c K i n n e y R o g e r s

Entrepreneurship and the corporate environment

A study by McKinney Rogers into the role of entrepreneurship
in the boardrooms of large global organizations

A global survey commissioned by McKinney Rogers
July 2007©

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1. Why did McKinney Rogers commission this survey?

McKinney Rogers works closely with large, global organizations helping them to define and deliver strategy throughout their operations. This starts at the top with the business leaders and Mission Leadership®. This is a key component of the McKinney Rogers service offering, focusing on leadership behaviors – how we think; how we act; and how we relate to others. Much has been written and reported in the media about the ‘entrepreneur’ and their defining successes, but there is little recent original research into the attributes and attitudes that are considered part of the makeup of the entrepreneur, particularly on an international basis. McKinney Rogers recognizes the importance of behaviours that categorize an entrepreneur being of equal benefit in the boardroom in the modern business environment and this study is designed to gauge awareness, perceptions and trends in the corporate environment surrounding entrepreneurial skills.

The results of this survey of managers and ‘C’ level employees (main board level employees – CEO, CTO, COO) in some of the world’s largest organizations have significance for businesses of all sizes, helping them to recognize entrepreneurial qualities, and nurture and reward them for best business practice and leadership.

2. Overview

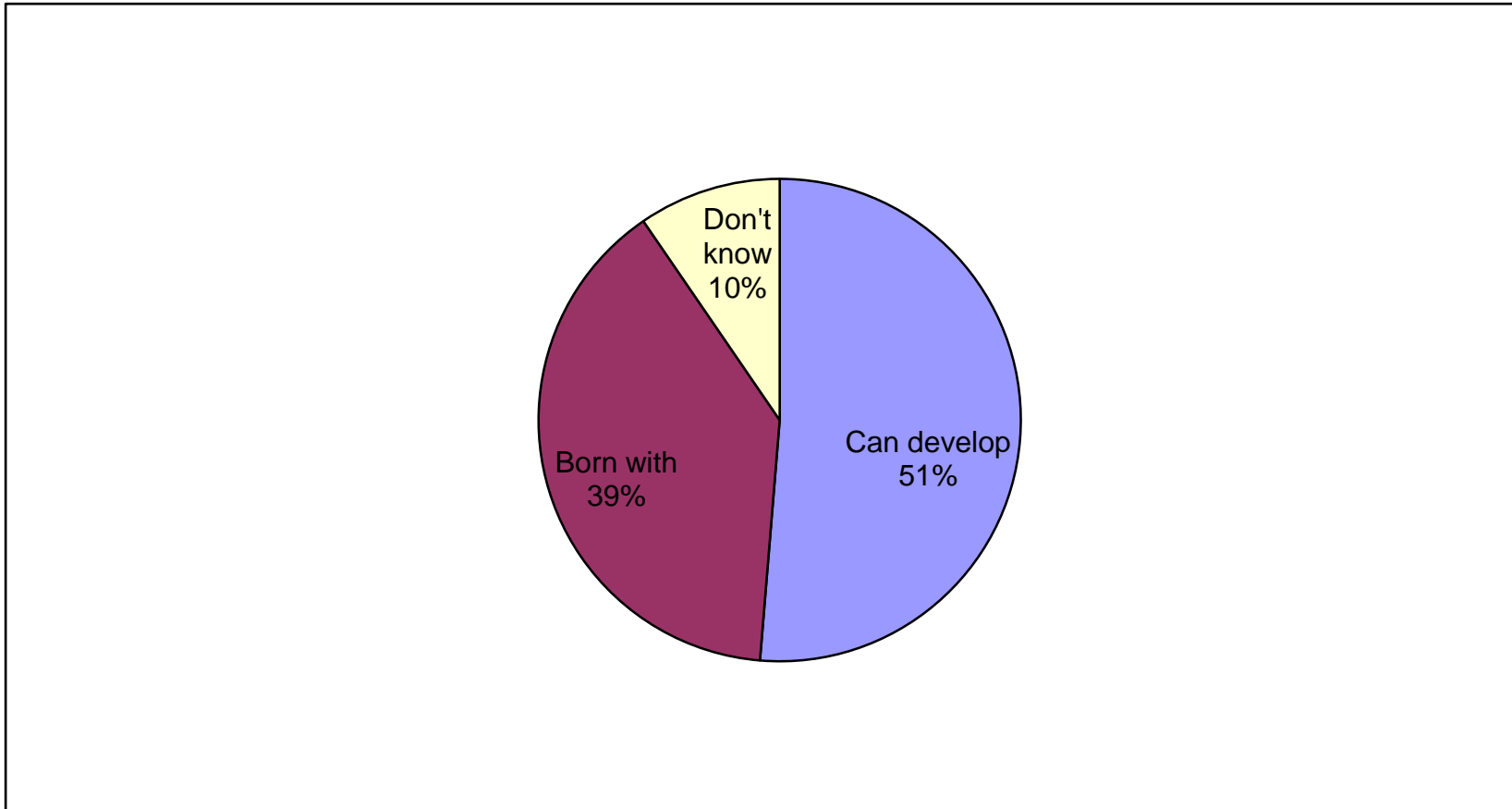
- **Entrepreneurship can be developed...** There has been a shift change in the perception of an entrepreneur, with 51% overall believing it can be developed, rather than inherited at birth (39%).
- **Emerging markets more likely to believe that entrepreneurial qualities can be developed...** When broken down across the geographic regions, emerging markets such as Africa are more likely to hold the view that entrepreneurial qualities can be developed, indicating perhaps a more flexible approach than within more rigid, established markets such as Europe.
- **Majority see the importance of entrepreneurship in large organisations...** Almost three quarters of respondents (69%) believe that in today's business environment, it is important for large organizations to develop a core competence of entrepreneurship. Only 22% believe it very or fairly unimportant highlighting the need for companies to adapt and change to a more entrepreneurial approach to business.
- **Corporate entrepreneurship focuses more on behavioral objectives than operational processes...** Interestingly, in order to develop 'corporate entrepreneurship' within an organization, people and behavior related objectives such as encouraging ownership and developing an entrepreneurial culture featured more highly than operational focus areas such as creating and developing new ventures and products and services. Encouraging risk-taking appears bottom of the priorities, contradicting the common stereotype of the typical entrepreneur.
- **CEO must be strong communicator but not high on list of key qualities for an entrepreneur...** The survey asked respondents to rank certain attributes of an entrepreneur and CEO/President in order of importance. The biggest discrepancy was relating to being a 'strong communicator.' Whilst this was top of the list for a CEO (76%), it was also the characteristic that saw the largest difference between the two, with only 51% considering strong communication as an important characteristic for entrepreneurs.
- **Business leaders and entrepreneurs can not 'go it alone.'** Independence is ranked low in list of key qualities... A key part of the study focuses on the differing perceptions of C level respondents and managers with very interesting results. There are some commonalities such as entrepreneur attributes centered around being passionate, energetic and highly

motivated with independence featuring low on the list of priorities, reflecting perhaps the recognition that there is little place for 'going it alone' in a successful modern business.

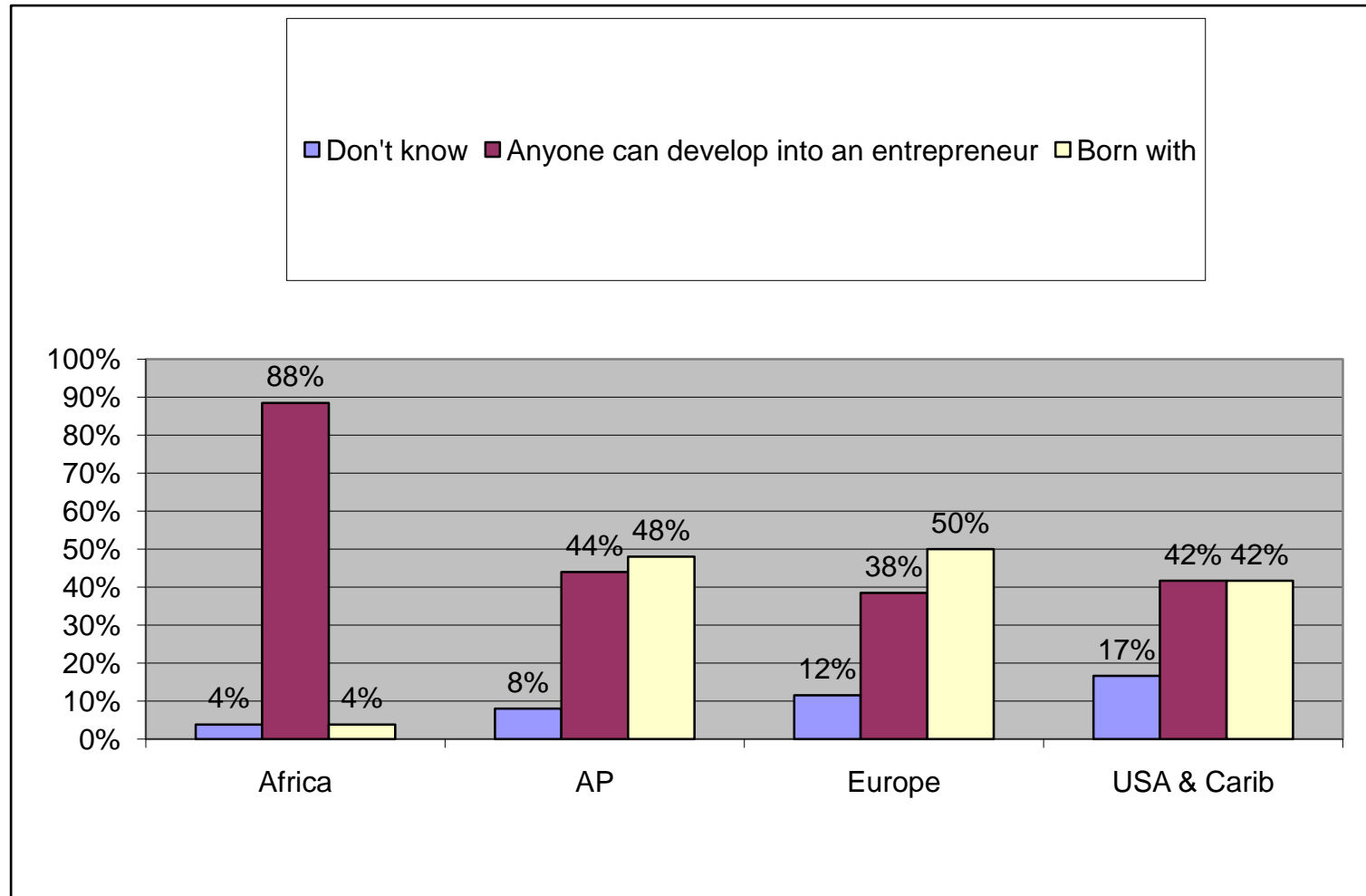
- **Next generation of business leaders see blurring of lines between successful CEO and entrepreneur...** There are also commonalities between managers and C level views on a successful CEO – energetic, driven, persistent and decisive. However, the research shows that many managers think that qualities C level people attribute to entrepreneurs, should be key characteristics of a CEO, such as a strong communicator, passionate and a risk taker. Perhaps this reflects the shifting nature of business as increased global competition, new markets and a faster pace drives the need for innovation and risk-taking, more typically associated with entrepreneurs at the top of large organizations, to remain successful. Managers, as the next generation of business leaders, are recognizing and driving this change.
- **CEOs need the flexibility and innovation of entrepreneurs to keep up with the pace of change in the modern business world...** Whilst regulation and compliance have preoccupied the Chief Executive of late, dealing with social responsibility issues and the environment are becoming increasingly important, driving the need for the flexibility and innovation associated with entrepreneurs. Leaders of large organizations have to be more entrepreneurial to keep up with the pace of change and managers fully believe (66%) that anyone can develop into an entrepreneur. This is nearly twice (34%) of C level respondents.

3. The findings

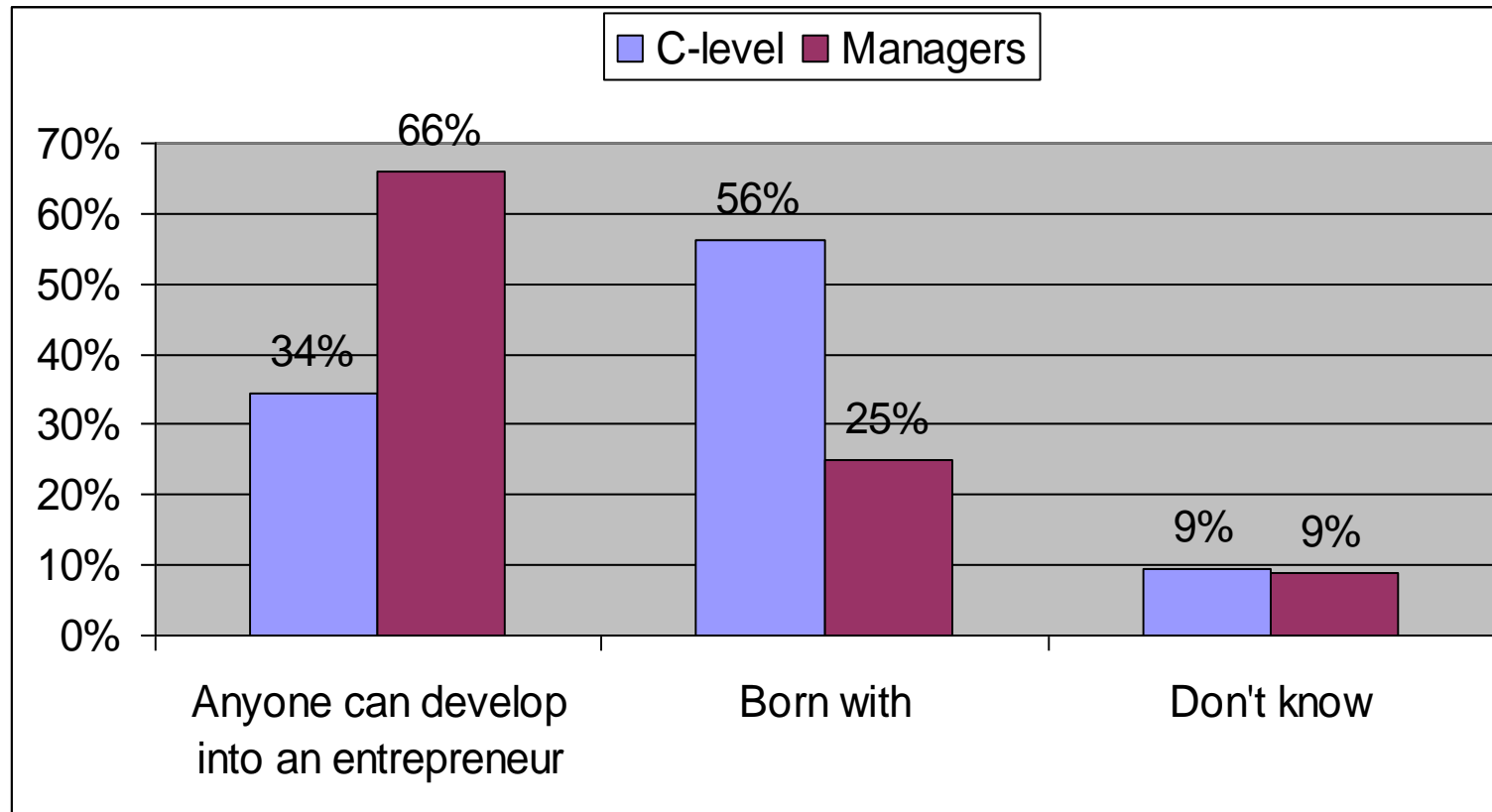
3.1 Whole sample – Can anyone develop into an entrepreneur or is 'entrepreneurship' something people have to be born with?



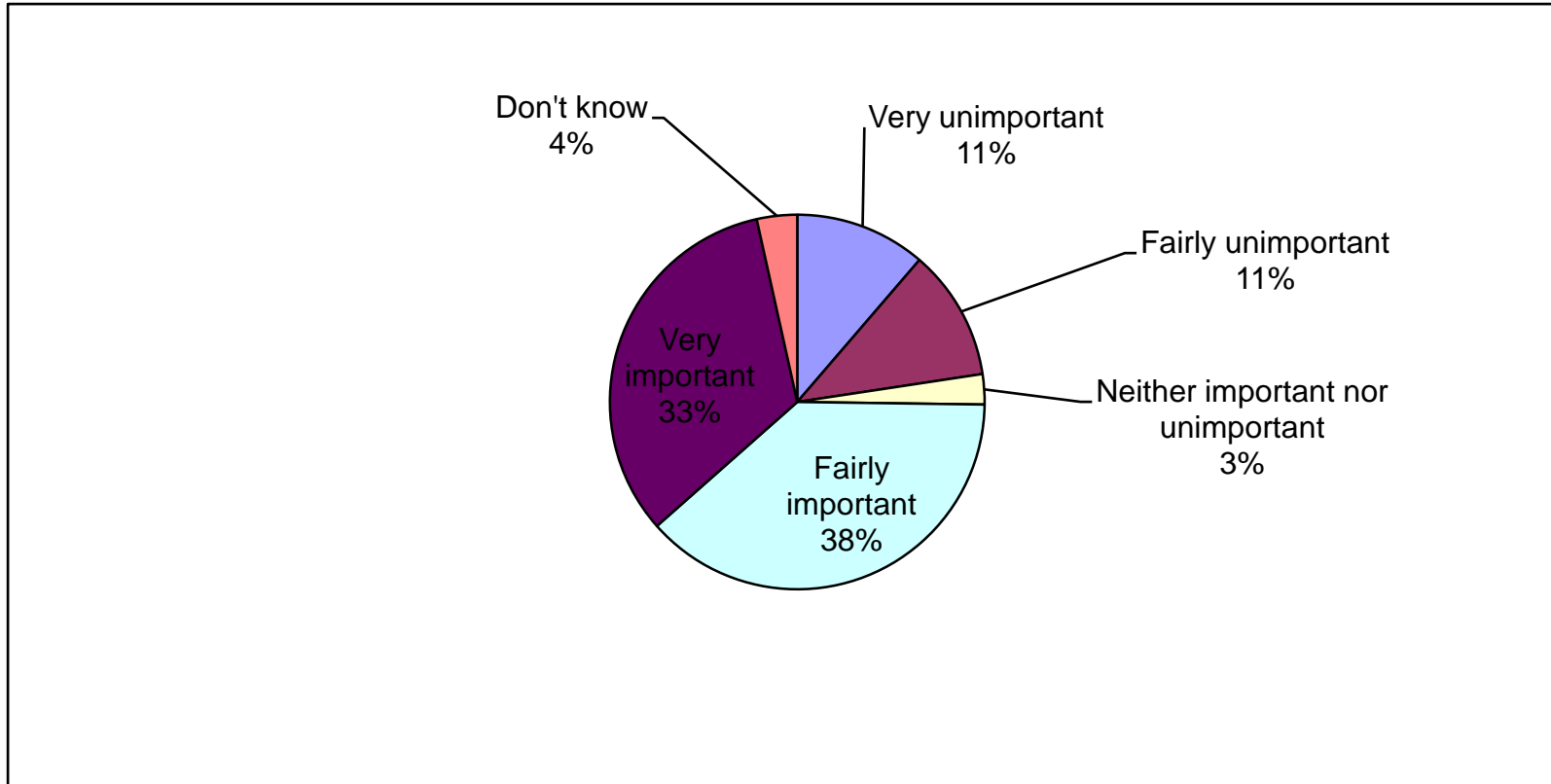
3.2 Global perceptions – Can anybody develop entrepreneurship or is it something people have to be born with?



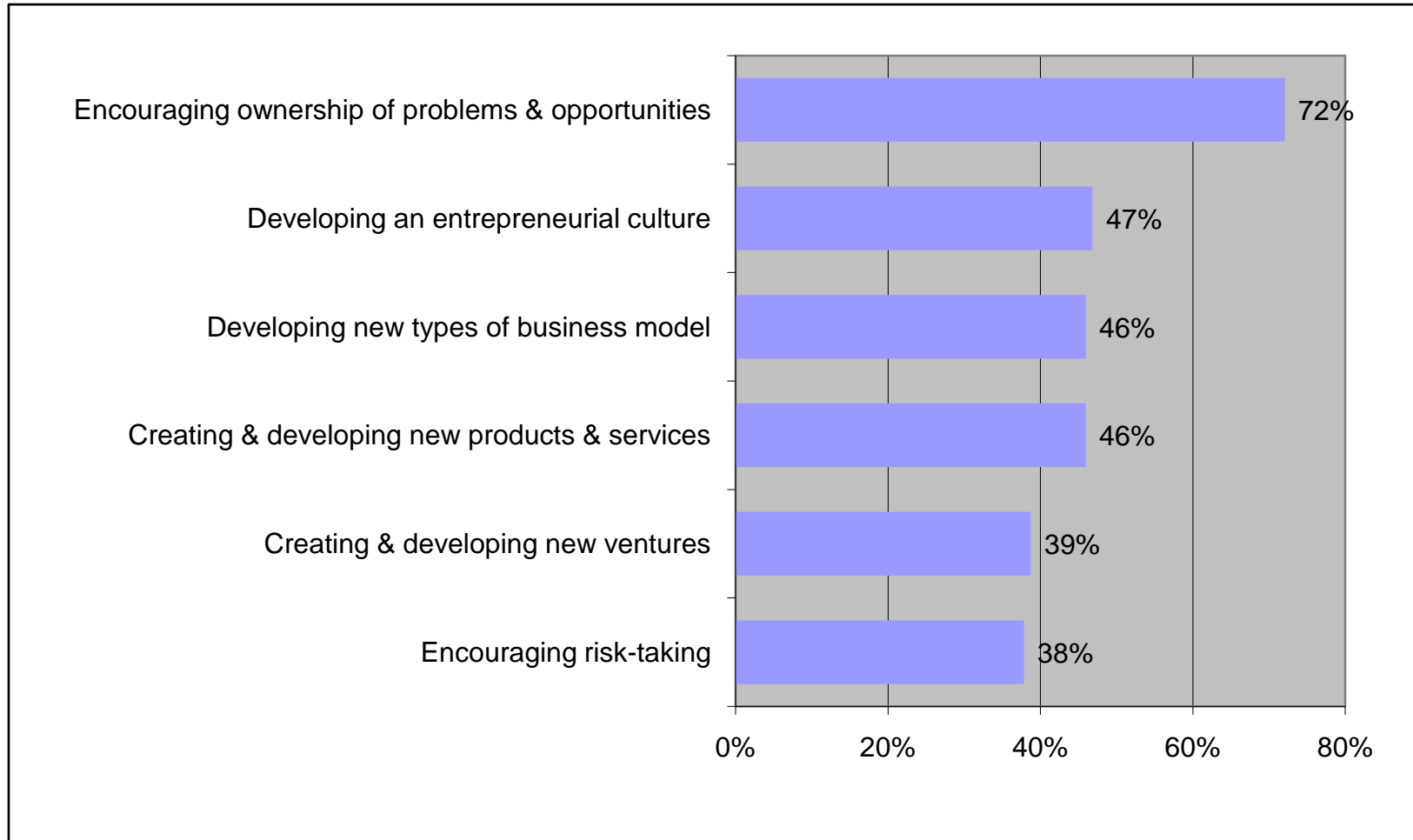
3.3 C-level versus managers – Can anyone develop into an entrepreneur or is 'entrepreneurship' something people have to be born with?



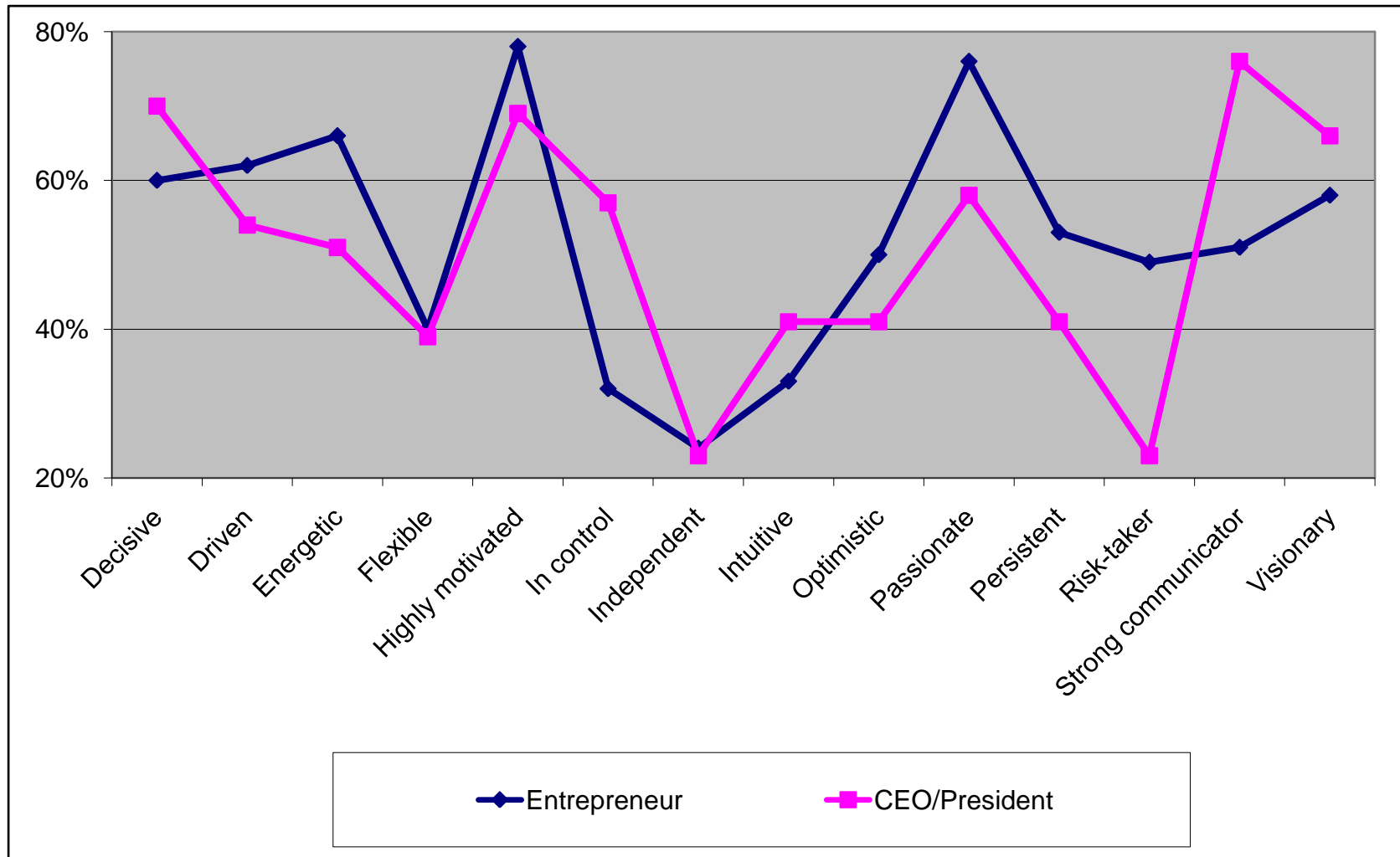
3.4 In today's business environment how important is it for large organizations to develop a core competence of entrepreneurship?



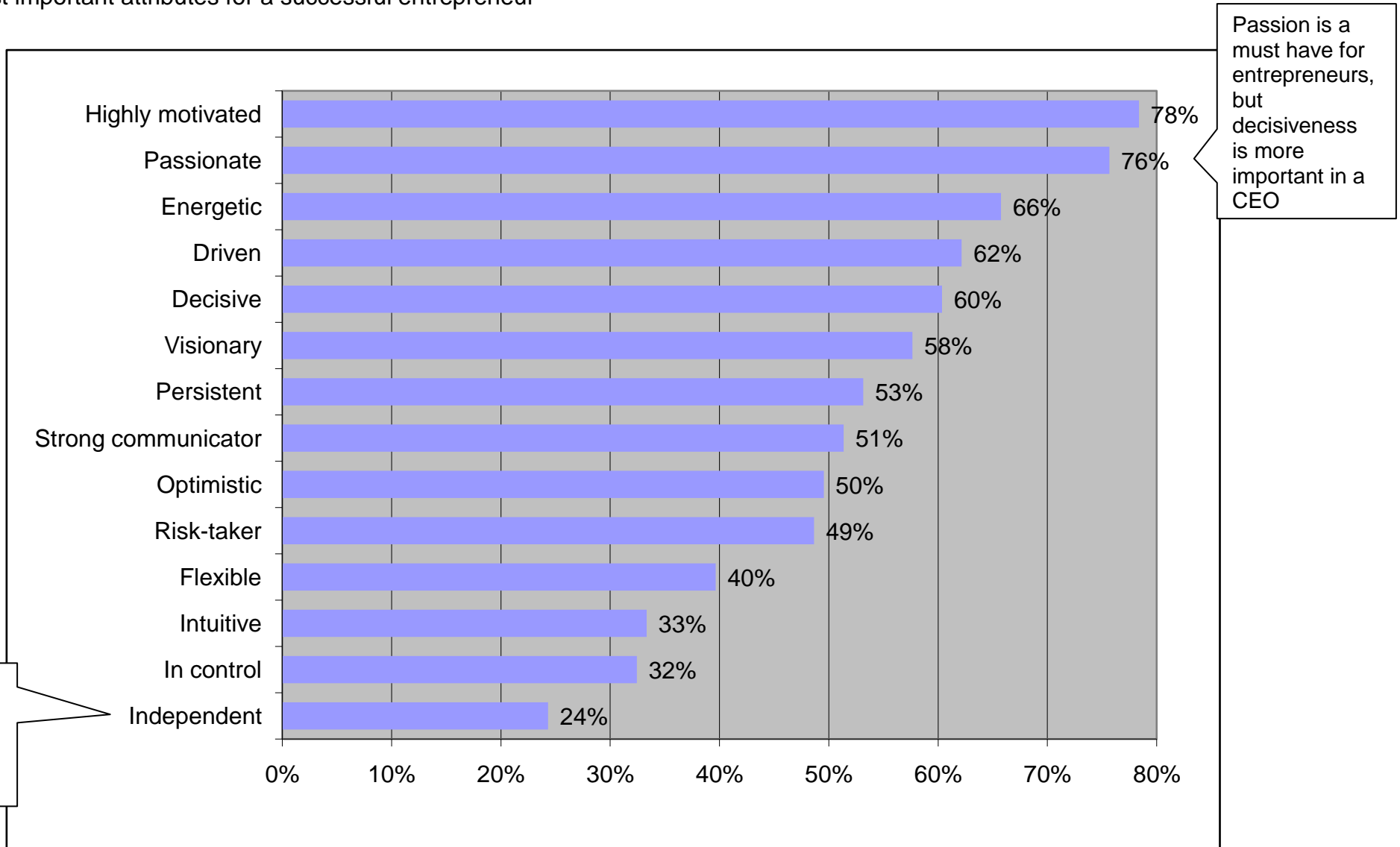
3.5 How important are the following in achieving 'corporate entrepreneurship' in a large organization ('very important')?



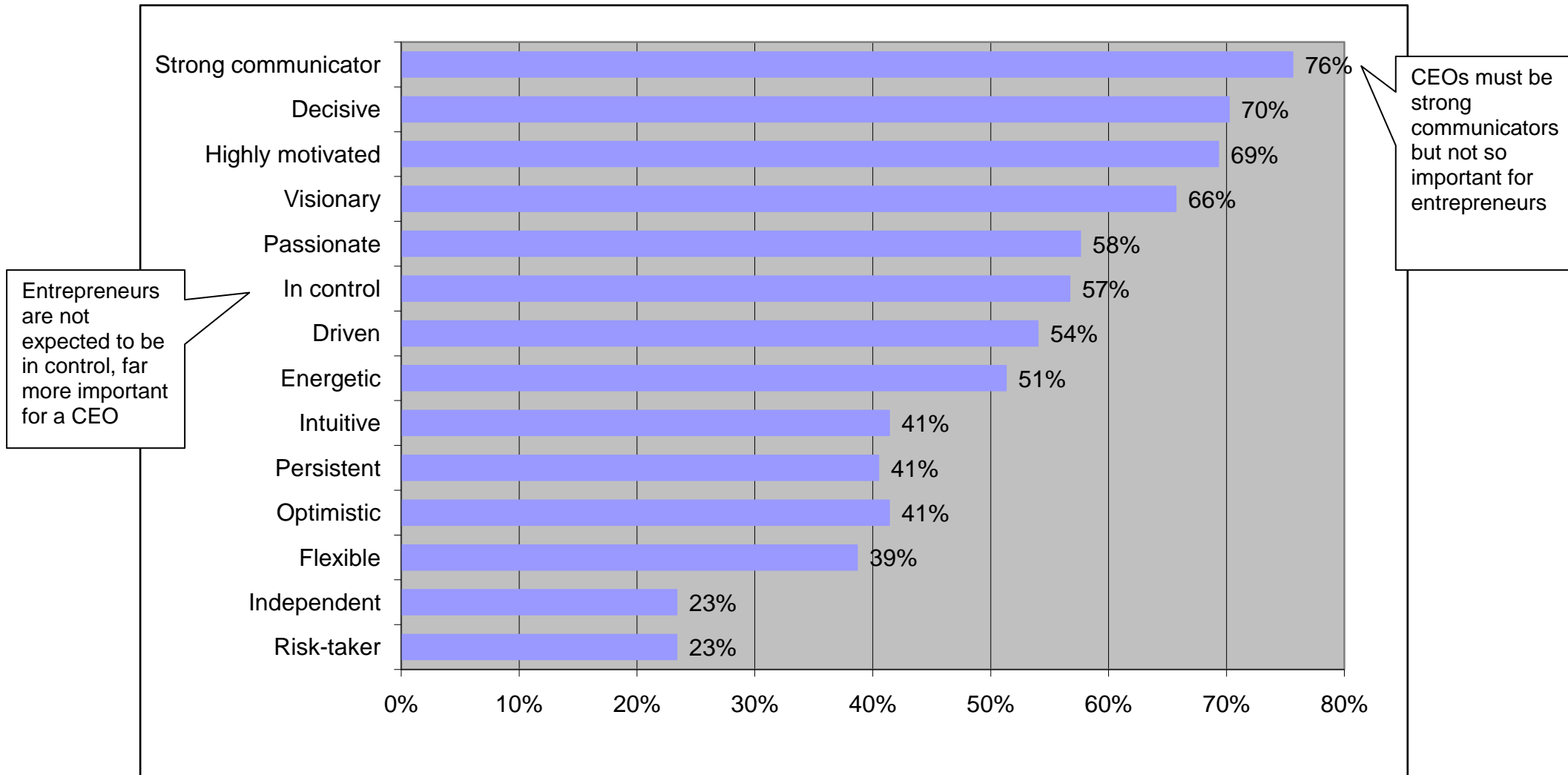
3.6 Most important attributes of a successful entrepreneur compared with a CEO/President



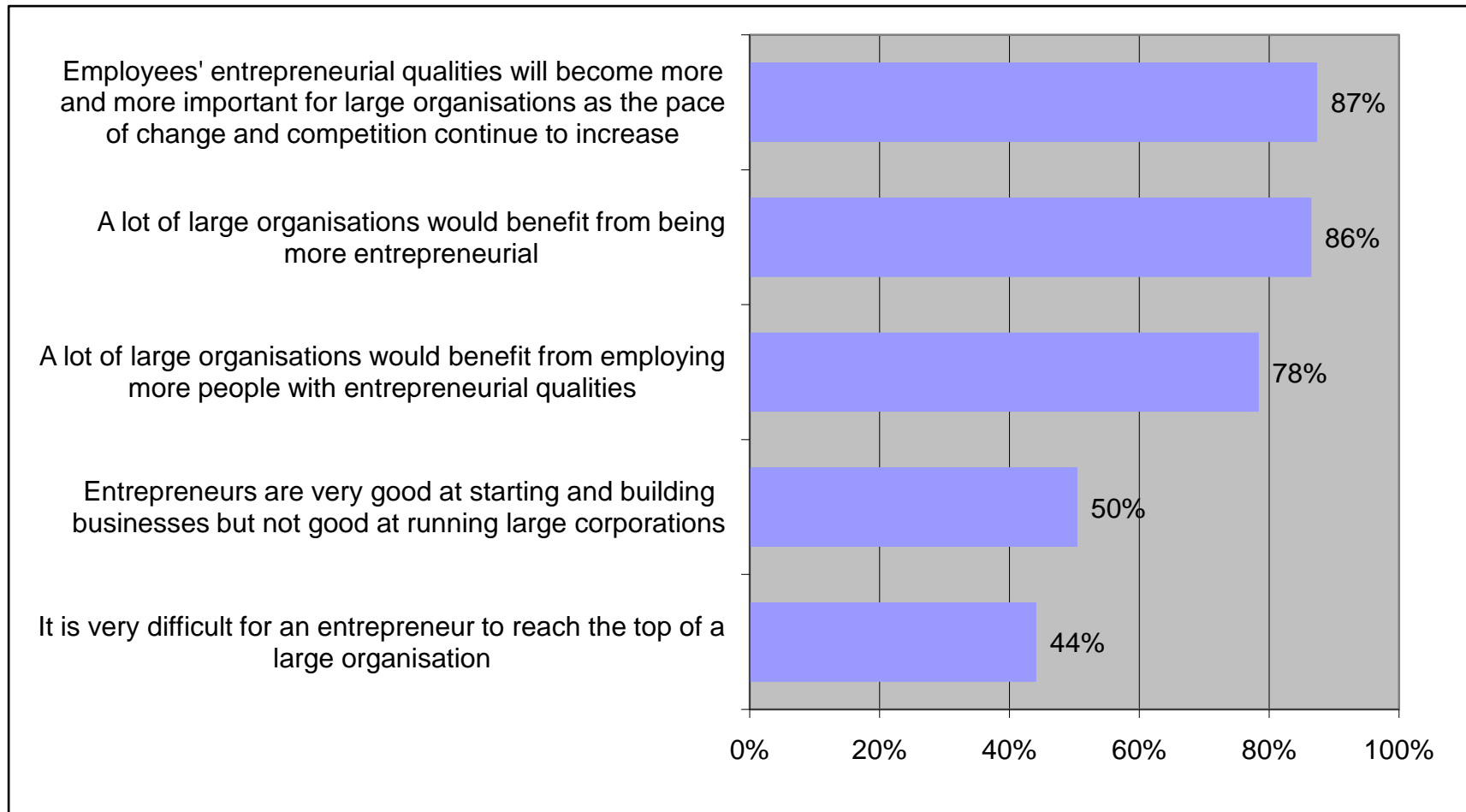
3.7 Most important attributes for a successful entrepreneur



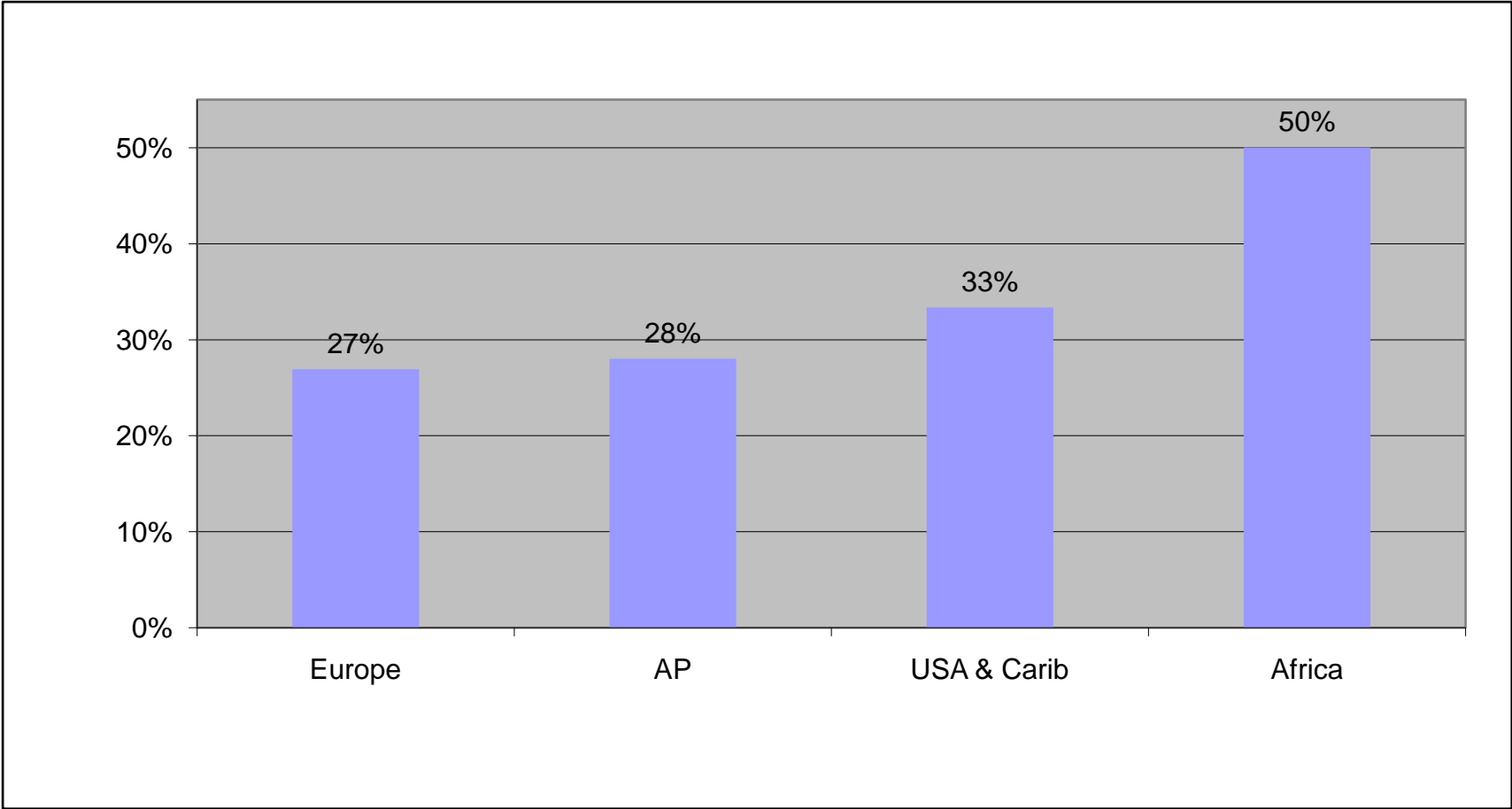
3.8 Most important attributes for a successful CEO/President



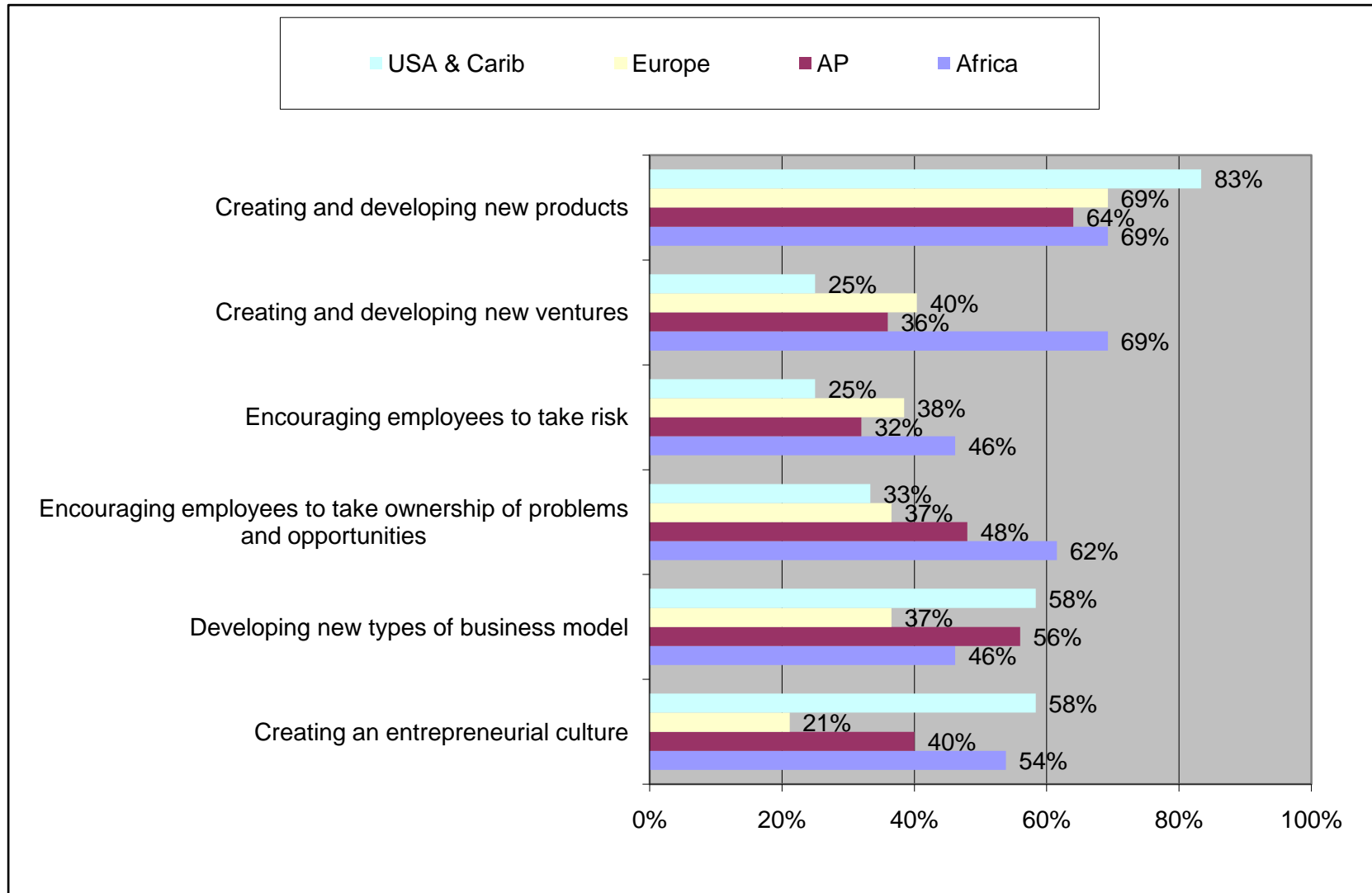
3.9 Agree/strongly agree with the following:



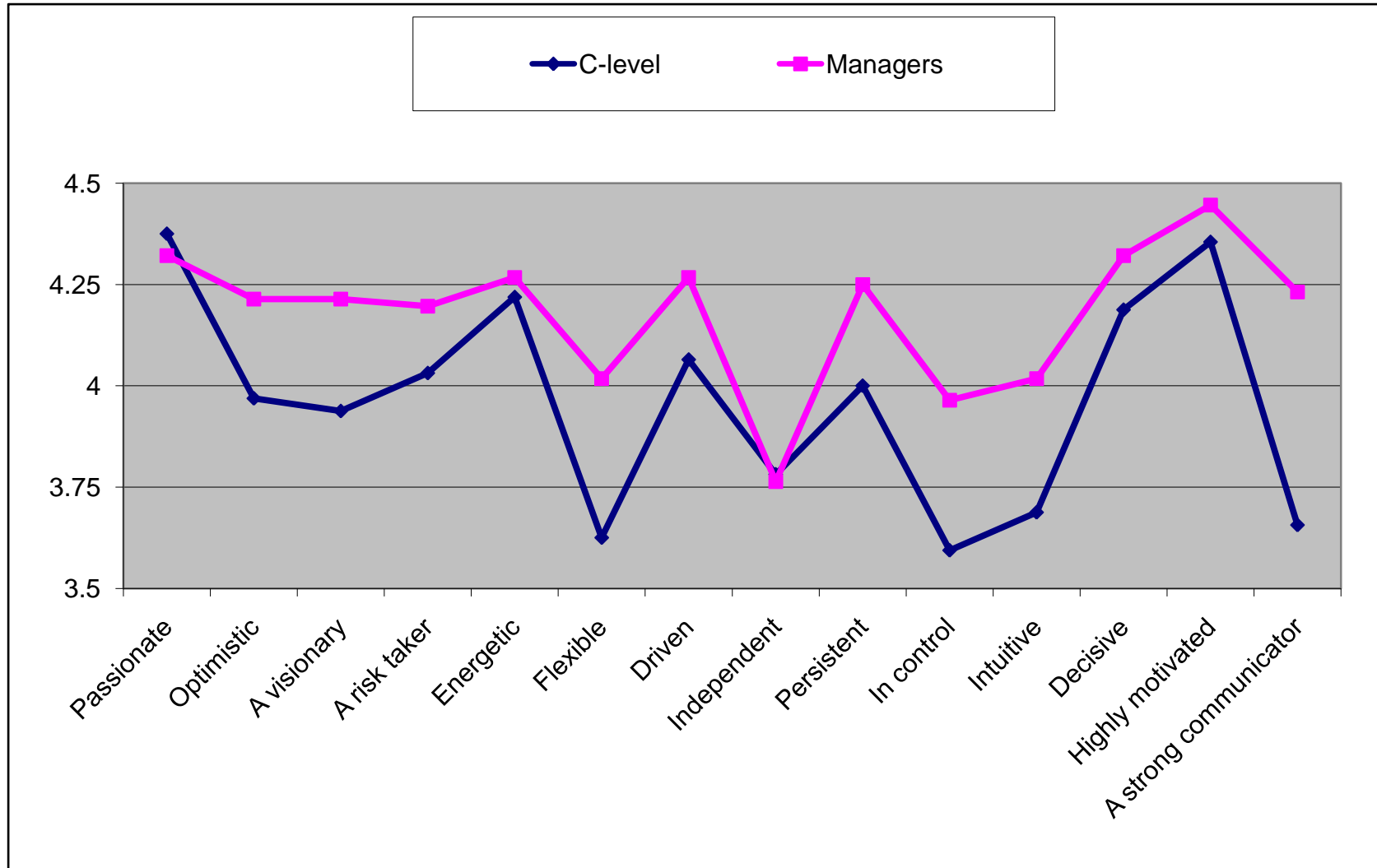
4.0 Percentage who believe it is *very important* for large organizations to develop a core competence of entrepreneurship



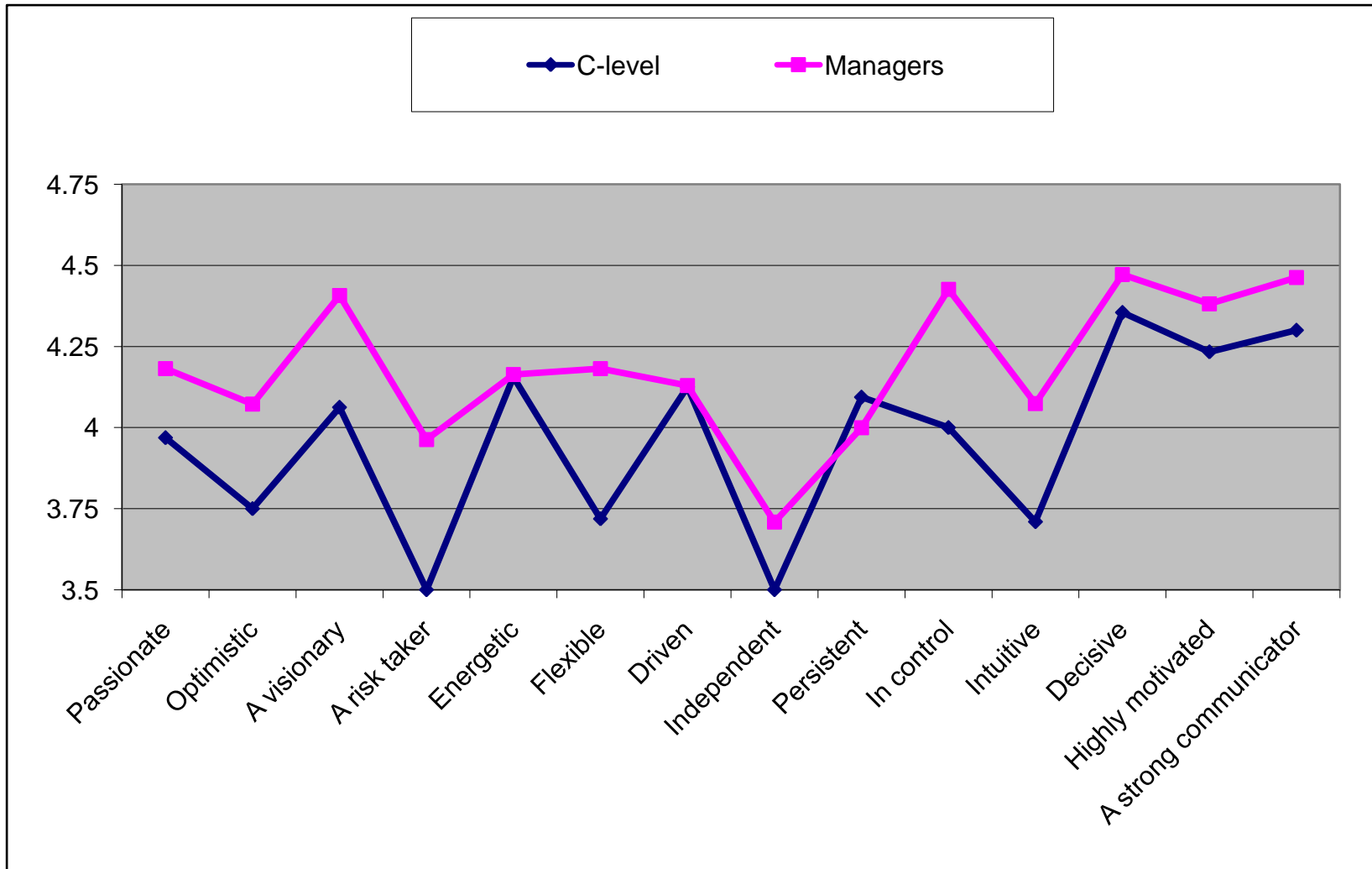
4.1 Percentage who believe the following are *very important* for achieving entrepreneurship in large organizations



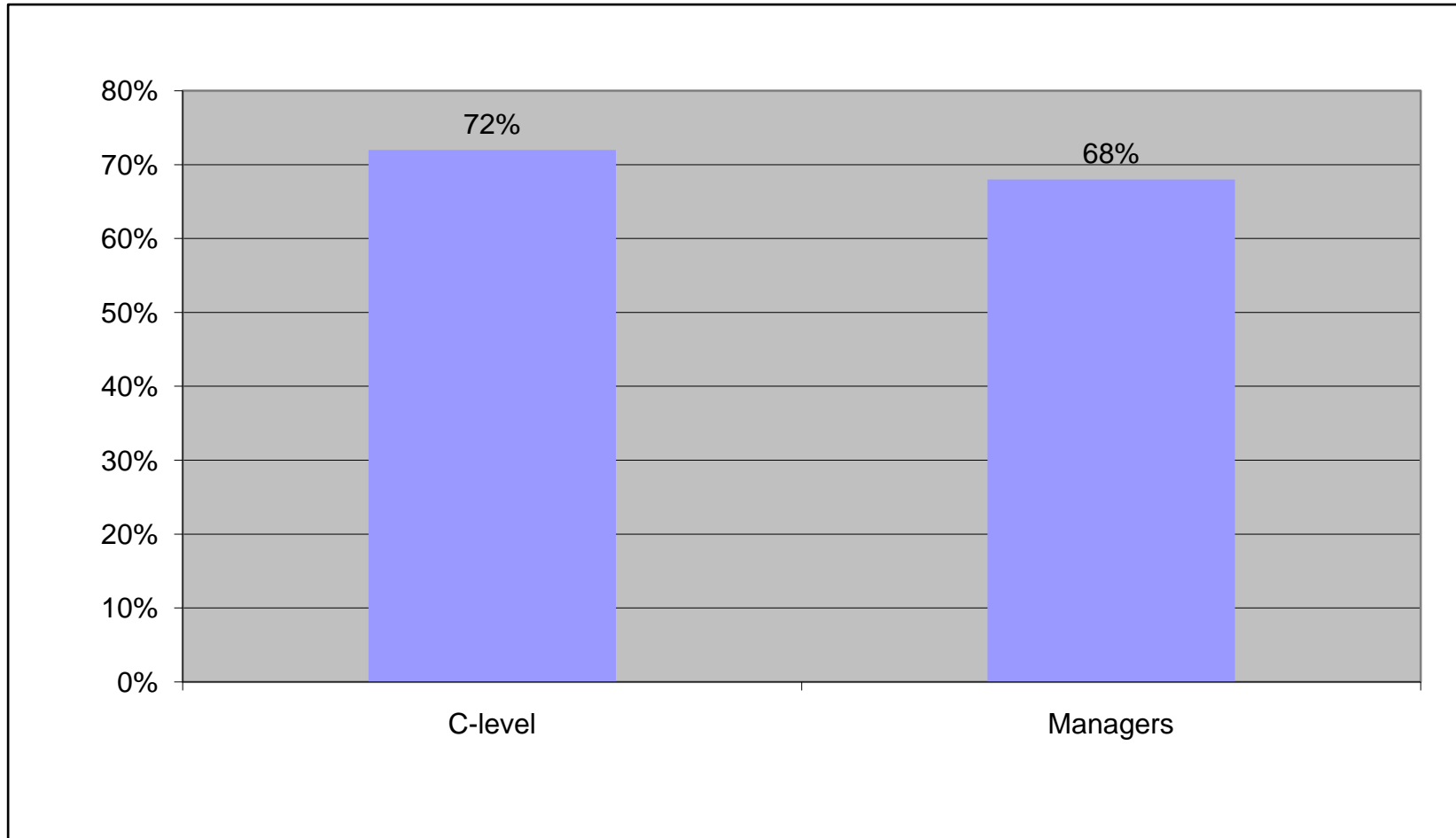
4.2 Most important attributes of a successful entrepreneur as viewed by 'C-level' versus managers



4.3 Most important attributes of a successful CEO as viewed by 'C-level' versus managers



4.4 In today's business environment how important is it for large organizations to develop a core competence of entrepreneurship?
C-level versus managers



5. Qualitative findings (Based on interviews with five senior business leaders)

“I think a lot has to do with the true freedom given to them in their work environment. You find certain organizations that totally enforce entrepreneurship or intrapreneurship, and they do force that into the team. They actually don’t mind you taking the risk, they give you that freedom to succeed. Some organizations pay lip service to it and some actually do give you some kind of freedom but with barriers. I think you tend to find that more in start-ups, or in more of technology-based organizations.”

“I think a successful CEO wants to learn more, is more entrepreneurial, takes risks, is a tenacious, focussed, charismatic type leader rather than someone who is more of an administrator.”

“You look back at some of the companies we have now, they’ve only ever got to where they are today because they’ve been set up by entrepreneurs. Some of them have had to be broken down into smaller business units, after they’ve grown so big, have to be let go so they could foster growth... when I look at 3M, back then they had a lot of innovative people. Innovation made them one of the biggest companies.”

“In industries like technology where the model lifecycle is getting shorter and shorter, the consumer attention span is also getting shorter and shorter. You must have that kind of innovative environment to keep producing new and exciting stuff.”

“People can become entrepreneurs despite the fact that they were raised in traditional environments. The difference is they probably never fitted into that traditional environment from the beginning – they were people who always challenged the status quo, were nonconformists to a certain extent.”

“With technology and the ability of technology the world is changing so fast and a CEO must always be open to change. A CEO must never fear having to let go of what they are, for what they are about to become. If you live in the past, you probably aren’t going to be to successful in the future.”

“If you’re lucky enough to work in an organization that respects entrepreneurship, where you can step out of those boundaries, and see things in different ways and propose different things, I absolutely do think entrepreneurs can grow. Most of the fastest growing

individuals in the organization tend to be somewhat entrepreneurial in what they do. They see things from a different perspective and often do different things that tend to deliver big results for businesses.”

“I can’t think of a business that would say ‘hang on a second, I only want traditional, non-experiential types of managers sitting in my business”.

“Accepting failure as part of the culture, because people don’t try if they are afraid of failing... having values of ‘if you fail we’re not going to kick you out the first time. Obviously you can’t continue to fail forever but what have you learned from that failure? Let’s discuss that’.”

“Make risks part of the culture, become a risk taking organization. And in order to do that you have to accept that failure will be part of your day-to-day experience.”

“I would say I’m not an entrepreneur, I happen to be in an entrepreneurial role, and so I think you can dial-up some of the ways of working that are required to be a successful entrepreneur, but I think ultimately to be successful you either are born with it or not, that is my view.”

“I think that real breakthrough strategy is hard to achieve, unless you have a significant number of entrepreneurs within an organization. And I think that’s where large organizations are quite schizophrenic, in that they’re desperately looking for white space, breakthrough strategy, new initiatives, and yet they just don’t quite know how to encompass that within their culture and organization.”

“If you want to develop and foster that (entrepreneurial) type of culture, then it’s not about getting one or two people in, it’s about making a significant impact to the teams within which these people operate.”

“When a company is very well established, entrepreneurship is less important. But in some situations I strongly believe that entrepreneurship is crucial. For example, when you are at the beginning of a new business, or even when you are trying to turn around a company that is in a very bad situation, to establish a new strategy, to engage people, to motivate. Some of the characteristics of entrepreneurship are certainly helpful in these kinds of situations.”

“I believe that in the companies where innovation is the key driver clearly you can have very entrepreneurial examples, especially in the hi-tech industries.”

“Also in our company, and specifically in the luxury industry, entrepreneurship is important because innovation and creativity is everything. In this case we need to accept entrepreneurship as one of the key enhancers of company growth.”

6. About McKinney Rogers

McKinney Rogers is a global business consultancy, with operations in Europe, Africa, Asia and the US.

In partnering with its clients, McKinney Rogers strives to continually add value, by focusing on driving business performance and delivering sustainable growth year on year. Its Business Performance Solution takes business from strategy to execution through the rigor of robust processes and behaviors.

The Mission Planning process formalizes a thorough assessment of the landscape to develop strategy, whether this be competitor, political or environmental. Innovation and creativity are the key to broadening this approach through the use of breakthrough thinking.

Initially, the focus is on delivering the business strategy through coaching and the embedding of High Performance Team behaviors. The issues that the High Performing Team programs address include lack of alignment, accountability, timely performance evaluation and adaptive decision-making.

Mission Leadership® was introduced to drive accountability through an organization. The result is rapid alignment to the vision, goal and strategies, together with increased prioritization and focus.

The Mission Analysis® process provides a simple tool to ensure that the 'Mission Leader', accountable for the delivery of each initiative, is able to achieve 100% clarity over the mission and test alignment with the organization as well as interdependencies. The Operational Rehearsal gives companies the opportunity to test their strategy against the competition in 'real time' to refine and hone their plans and ensure they will deliver to target

The final performance driver is the Mission Leadership Dashboard®, which can be used as a 'performance promise' to drive the business, set the agenda and form the basis of performance discussions.

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8. How the research was conducted

Spectrum Consulting conducted an online survey targeting middle management and C level employees of large organizations. The sample included companies in Europe, Asia, US and Africa. In all, 115 respondents contributed to the findings of the survey. Spectrum also conducted qualitative research carrying out telephone interviews with five senior business leaders across industry.