13

DEVELOPING AN ENTREPRENEURIAL CULTURE

INTRODUCTION

How do we get to the fabric of a company, to its essence? What is the stuff the organization is really made of? To answer such questions, we must consider the culture of a company. Like so many other organizational concepts, there is a tendency to think of culture as a metaphor. But culture is very real. It is a word that describes something intangible and imprecise but also something that transcends every aspect of an organization. A simple way to think about culture is that it captures the personality of the company and what it stands for.

Entrepreneurship is not only affected by the culture in a company, but in truly entrepreneurial organizations, it is also a core element of the culture. A culture that is risk averse, or very process driven, is almost by definition discouraging employees from acting in an entrepreneurial manner. At the same time, culture itself is complex and not easily changeable. A noninnovative company could bring in an extremely entrepreneurial CEO, and it could take seven to ten years (or more) for that individual to substantively change the organization's culture.

In this chapter, we will examine the nature of culture and the role it plays in sustaining the entrepreneurial spirit within a company. The values and norms associated with an entrepreneurial culture will be explored, together with the ways in which such a culture is manifested. A number of suggestions will be made for affecting an organization's culture. Attention will also be devoted to the concept of failure, why it is so critical for entrepreneurial success, and new approaches for thinking about and managing failure.

THE NATURE OF CULTURE IN ORGANIZATIONS

Culture can be defined as "an organization's basic beliefs and assumptions about what the company is about, how its members should behave, and how it defines itself in relation to its external environment"(Cornwall and Perlman 1990). Cultures have certain characteristics, regardless of the business (Trice and Beyer

not all, of the people in a firm. They have an emotional aspect, in that employees define and identify with the culture on an emotional level. Although historically based, cultures are dynamic. Thus, a culture reflects the unique history of a group of people interacting over time, but it also is subject to continuous change as people come and go, and is based on developments in the external environment. Cultures are also inherently symbolic. Things such as the way people dress or the types of recognition ceremonies that take place stand for or are expressive of other things, such as individualism or pride of accomplishment. Finally, cultures are fuzzy. They include elements that may seem contradictory or paradoxical. There are often ambiguities in the various symbols, rites, or values found within the firm.

Every company has a culture, but the cultures tend to differ along some key dimensions—for instance, it is possible to talk about positive versus negative cultures. A culture is positive the more that its elements are in line with an organization's vision, mission, and strategies. Further, there is a fit between the culture and the competitive environment in which the firm finds itself. Thus, the more turbulent the environment, the more a positive culture is going to be one built around entrepreneurship. Alternatively, a culture can be described as strong or weak depending on how deeply held and thoroughly permeating are the core values and assumptions of the firm. Service to the customer may be a shared value, but the level of commitment and internalization of that value among employees might be lukewarm. In addition, the culture can be thought of as homogeneous if it is shared generally by all employees, or heterogeneous if there are multiple cultures or subcultures shared by different groups within the organization (e.g., those in R&D compared to those in marketing and sales). Lastly, a culture is more consistent than inconsistent if its elements do not conflict. An example of such conflict might be found when a company does things to reinforce conservatism and avoidance of failure while also pushing symbols of innovation and embracing change.

Understanding characteristics such as these helps to explain why culture is not something that is easily managed. Unlike the decision to develop a new product or change the company structure, the amorphous nature of culture makes it impossible to make precise changes to it at specific points in time. Rather, the leadership of the firm attempts to shape, form, or mold culture with a systematic set of initiatives and forms of reinforcement that are implemented over an extended time period. Stated differently, changing a culture is analogous to trying to turn a large ocean liner around in the ocean. To appreciate how this is done, we must consider the major elements of a culture.

HE PIECES AND PARTS OF CULTURE

The culture of a company touches and influences everything that people do. It is manifested in hundreds of different ways, some planned and many unplanned, some controllable and some that don't readily lend themselves to management control. One way to classify the many components of culture involves distinguishing among the following six elements:

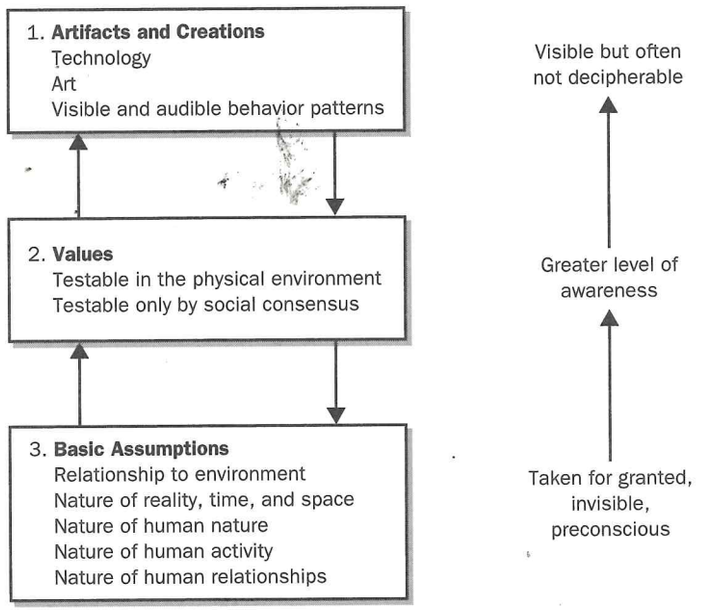
1. Values: The things that employees think are worth having or doing or are intrinsically desirable; values express preferences for certain behaviors and outcomes; entrepreneurial values might include creativity, integrity, perseverance, individualism, achievement, accountability, ownership and change, among others;
2. Rules of conduct: Accepted norms and rules in the company; the behaviors that represent accepted ways to attain outcomes; the general understanding regarding everything from ethical behavior to how an employee dresses, to whom an employee speaks, and appropriate behavior styles in a meeting;
3. Vocabulary: The language, acronyms, jargon, slang, signs, slogans, metaphors, gestures, gossip, and even songs that are commonly used in the company—could include proverbs such as 3M's "never kill a product idea";
4. Methodology: The perception of how things actually get accomplished in the company, such as the reliance on rational processes, politicking, or rule-bending—for instance, having a sponsor and preparing a business plan with certain key ingredients might be part of the methodology for innovating in a company;
5. Rituals: Rites, ceremonies, and taboos, including random recognition ceremonies, annual off-site conferences, Christmas parties, as well as how employees are welcomed, let go, retire; the awarding of a pink Cadillac at Mary Kay Cosmetics is a ritual;
6. Myths and Stories: The histories, sagas, mythologies, and legends of an organization; includes a sense of "who are the heroes in this company"; entrepreneurial companies not only have legends and ways to continually retell stories of how past heroes did unusual things but they also create new heroes and role models all the time;

If we consider these elements in more basic terms, cultures consist of *substance and forms* (Trice and Beyer 1993). Substance refers to shared systems of values, beliefs, and norms. Forms are the concrete ways in which the substance is manifested in the organization. They are observable, and include everything from vocabulary, myths, rituals, and ceremonies, to ways of dressing and office décor. The forms are the means by which the substance of the culture is expressed, affirmed, and communicated.

In Figure 13.1, this distinction is taken a step further. Culture is pictured as existing at three different levels: assumptions, values, and artifacts. Tying this to the discussion above, the first two levels are more about substance, and the third is concerned more with forms. The first level includes invisible aspects of which people are not necessarily conscious or that they simply take for granted. At this level one finds basic assumptions about people, what it takes to be successful in the marketplace, and a host of other aspects of work and the environment. Employees are likely to make assumptions about the importance of entrepreneurship for company success, the motivations and innate entrepreneurial potential of

FIGURE 13.1

THE LEVELS OF CULTURE



:CE: Schein, E.H. 1999. *The Corporate Culture Survival Guide.* San Francisco: Jossey-Bass.

people in the company, what it takes to accomplish entrepreneurship within organization, and so forth. It can be quite difficult to determine the assumps held by employees of a company, but they play a critical role in determining avior.

he second level is one at which people are more conscious or generally aware. e we find the commonly-held values within the organization. Although not y visible or tangible, values have clear meaning to employees. Examples of ortant values in an entrepreneurial context are cited above and will be ored in more detail later in this chapter.

t the third level are the artifacts and creations that symbolize company cul-. Artifacts are highly visible or observable manifestations of the culture. They ude rituals, rules of conduct, methodology, myths, and vocabulary. Although acts are visible, their meaning or interpretation is not always clear. For exam- management could design the physical layout of offices to encourage open- quick communication, information sharing, and innovation partnerships

individualism, reflects distrust and an attempt to check up on them, or is a reflection of tight spending and efficiency. The ultimate meaning of the artifact or creation is arrived at over time, based on how it is managed, messages that are reinforced, and the interplay of the artifact with other components of the culture.

The inference is that, if the goal is to create work environments that support entrepreneurship, culture underlies all the other components of the workplace (i.e., reward systems, company structures, control systems, the strategic direction of the firm, etc.). In fact, these other components can themselves capture elements of the culture. The entrepreneurial potential of a positive, strong, and consistent culture is significant, leading one team of researchers to conclude: "Organizational cultures can enhance and inspirit us. They can remove us from the boxes and traps in which we exist, making our lives richer and giving meaning to our daily tasks. [This] is the goal of cultural management" (Tropman and Morningstar 1989).

CORE IDEOLOGY AND THE ENVISIONED FUTURE

Entrepreneurial companies have a vision. They have a sense of what they are and what they want to become. They also understand the things about their organizations that are subject to change and those that should never change. Collins and Porras (1994) argue that a great vision starts with a "core ideology." By using the term *core* they capture elements of an organization that should not change as products mature, markets evolve, technologies emerge, or the leadership of the company comes and goes. Thus, the core ideology includes *core values*, or what the company stands for, as well as *core purpose*, or the reason the company exists.

Core values are the essential and enduring principles and tenets of an organization. Meaningful levels of entrepreneurship cannot be sustained over time unless entrepreneurship is reflected in the core values of the firm. For instance, Sony Corporation's core values include being a pioneer, doing the impossible, and encouraging individual ability and creativity. At the Walt Disney Company, creativity, dreams, and imagination form some of the core values. Complementing these values is the core purpose, which is a source of guidance and inspiration to the organization. Again, entrepreneurship should be implicit in the firm's core purpose. The reason for being at 3M is to solve unsolved problems innovatively, while the purpose at Mary Kay Cosmetics is to give unlimited opportunity to women. Cintas Corporation, the leader in professional uniforms, exists to exceed its customers' expectations. Each of these purposes go well beyond suggesting that entrepreneurship might be important—they allow for bold initiatives in accomplishing a purpose that transcends the current products and processes of the company.

The other part of a vision concerns what the organization aspires to become, which Collins and Porras (1994) refer to as the "envisioned f

ıty years. It is coupled with a vivid description of what it will take to get there. eral Electric set the goal of being Number 1 or Number 2 in every market it ed, Nike sought to crush Adidas, and Sam Walton set revenue goals that ıed completely unrealistic to people outside Wal-Mart. These are ambitious s that take on a life of their own and stimulate ongoing progress in an organ- on. They require extraordinary effort, and there is a real chance of failure. .s motivate people and evoke passion and conviction. Once they are achieved, :ompany sets new ones.

URE TYPES

ong those who study culture, one of the great debates concerns whether there general properties of cultures that can be found in many different organiza- ; or, alternatively, if each culture is unique unto itself. With the former view, ırchers have proposed a number of typologies or classifications of culture s. The idea is that most companies will tend to fit one of the categories con- ed within a given typology. Table 13.1 outlines some examples of these typolo- They differ considerably, reflecting different underlying variables. Some are d on levels of control, others on the extent to which the company is more peo- riented or task oriented, and still others on psychological traits.

ominent among the perspectives presented in Table 13.1 is the work of Deal Kennedy (2000). They argue that distinct types of cultures evolve within com- es and that these types have a direct and measurable impact on strategy and ormance. Companies are social environments, with tribal habits, well-defined ıral roles for individuals, and various strategies for determining inclusion, orcing identity, and adapting to change. Moreover, their cultures will gener- be related to one of the following four prototypes:

The Process Culture: A world of little to no feedback where employees find it hard to measure what they do. Instead, they concentrate on how it is done. The hierarchy is tight and employees tend to be cautious fence sitters. Avoidance of failure is important. Processes themselves can develop to the point where they stifle the company and operations become quite bureaucratic.

The Tough-Guy/Macho Culture: A world of competitive individualists who regularly take high personal risks and get quick feedback on whether their actions were right or wrong. The structure fluctuates. Financial stakes of not succeeding can be high, as can rewards from succeeding. The orientation is more short term, and employee turnover can be high.

The Work Hard/Play Hard Culture: Fun and action are the rules here, and employees take few risks, all with quick feedback. To succeed, the culture

■ TABLE 13.1

ORGANIZATIONAL CULTURE EXAMPLES

Culture Type	Dominant Ideologies	Authors
Type A	Hierarchical control, high specialization, short-term employment, individual responsibility, individual decision making	Ouchi, 1981
Type J	Clan control, low specialization, lifetime employment, collective responsibility, collective decision making	
Type Z	Clan control, moderate specialization, long-term employment, individual responsiblilty, consensual decision making	
Process	Low risk, "cover your tail" mentality, tight hierarchy	Deal and Kennedy, 2000
Tough-guy/macho	High risk, quick feedback, fluctuating structure	
Work hard/play hard	Moderately low risk, race to the quick, flexible structure	
Bet the company	Very high risk, slow feedback, clear-cut hierarchy	
Sensation–thinking	Impersonal, abstract, certainty, specificity, authoritarian	Mitroff and Kilmann, 1975
Intuition–thinking	Flexible, adaptive, global notions, goal driven	
Intuition–feeling	Caring, decentralized, flexible, no explicit rules or regulations	
Sensation–feeling	Personal, homelike, relationship-driven, nonbureaucratic	
Apathetic	Demoralizing and cynical orientation	Sethia and Von Glinow, 1985
Caring	High concern for employees, no high performance expectations	
Exacting	Performance and success really count	
Integrative	High concern for employees with high concern for performance	
Paranoid	Fear, distrust, suspicion	Kets DeVries and Miller, 1984
Avoidant	Lack of self-confidence, powerlessness, inaction	
Charismatic	Drama, power, success, abject followership	
Bureaucratic	Compulsive, detailed, depersonalized, rigid	
Schizoid	Politicized, social isolation	

SOURCE: Trice, H.M., and J. Beyer. 1993. *The Cultures of Work Organizations.* Englewood Cliffs, NJ: Prentice Hall.

orientation here is also fairly short term. Often there is strong customer focus and sales orientation.

4. The Bet-the-Company Culture: An environment of big-stakes decisions in which considerable time passes before employees know whether decisions have paid off. It is a high-risk, slow-feedback environment with a clear-cut hierarchy. Decisions are deliberate because of the risk. Pressure is ongoing. These firms often produce major technological breakthroughs and high-quality inventions.

While a number of variables are considered in this taxonomy, especially prominent are risk and the speed with which the company receives feedback on the appropriateness of its decisions. Both of these factors are associated with entrepreneur-

types of entrepreneurial initiatives that will be pursued. Cultures that have a
nger process orientation are likely to discourage entrepreneurial behavior;
reas a bet-the-company culture will likely pursue entrepreneurship that is high
legree but low on frequency (see Chapter 3). Similarly, limited market feedback
countability, such as when a firm enjoys captive demand or monopoly market
ditions, does not foster entrepreneurial behavior, and rapid feedback encour-
a higher frequency but lower degree of entrepreneurial activity.
ven if the elements of a firm's culture are consistent with entrepreneurship,
even if that culture is relatively strong, companies striving to maintain an
epreneurial cuture in today's environment face an additional challenge. In
nt years, firms have actively pursued a number of strategic initiatives that can
ntentionally serve to undermine the basic culture of the organization. Specifi-
, as managers aggressively pursue such strategies as outsourcing, downsiz-
reengineering, mergers, and leveraged buyouts, they often fail to consider the
entially significant) implications of these initiatives for the firm's culture, and,
xtension, for entrepreneurship.

AN ENTREPRENEURIAL CULTURE

ve we have discussed how types of culture might affect levels of entrepre-
ship in a company. We now turn to a more fundamental question: What is an
epreneurial culture? As we have seen, a culture has many elements. The chal-
e lies in determining the ones that are most conducive to entrepreneurship. A
at the perspectives presented in Table 13.2 may shed some light. The table
ents a synopsis of work done by different writers on how culture relates to
vation and entrepreneurship. While it may appear that a variety of elements
es into play, there is a certain commonality to the things being emphasized. If
ynthesize these perspectives, the entrepreneurial culture would seem to have
ollowing elements:

People and empowerment focused;
Value creation through innovation and change;
Attention to the basics;
Hands-on management;
Doing the right thing;
Freedom to grow and to fail;
Commitment and personal responsibility;
Emphasis on the future and a sense of urgency.

ıst also be kept in mind that most large organizations are quite complex. Their

TABLE 13.2

COMPONENTS OF AN ENTREPRENEURIAL CULTURE: THREE PERSPECTIVES

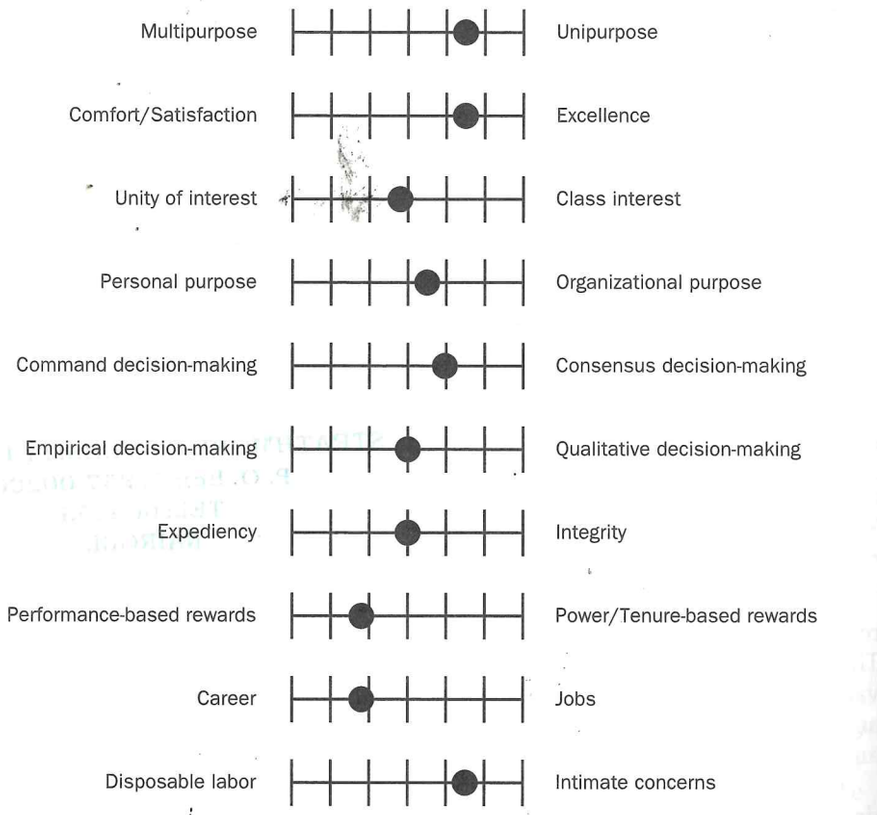
Timmons (1999)	Cornwall and Perlman (1990)
Clarity, being well organized	Risk
High standards, pressure for excellence	Earned respect
Commitment	Ethics of integrity, trust, credibility
Responsibility	People
Recognition	Emotional commitment
Esprit de corps	Work is fun
Peters (1997)	Empowered leadership throughout firm
Listening	Value wins
Embracing change	Relentless attention to detail, people, structure, and process
Customer focus	Effectiveness and efficiency
Total integrity	
Excellence	
Involve everyone in everything	
Experimentation	
Fast-paced innovation	
Small starts and fast failure	
Visible management	
Measurement/accountability	

result, organizations are confronted with a number of conflicting value choices. The creation of an entrepreneurial culture is not simply a matter of identifying a value to be emphasized; it is also choosing between values that conflict with one another and coexist in an organization—that is, management must strike a balance among certain values.

Tropman and Morningstar (1989) examine what they term *primary values* and draw implications for entrepreneurship. As illustrated in Figure 13.2, value choices must be made in ten areas. Each set of values is pictured as a continuum, and the points that have been placed along each continuum indicate the type of balance an entrepreneurial firm might try to strike. For instance, most companies have multiple purposes (often pursued by various subcultures in the firm), but the entrepreneurial firm has strong focus on one overriding purpose. The point becomes to achieve a balance while having a dominant emphasis. The same goes for the relative emphasis on excellence versus satisfactory performance and comfort. Entrepreneurial firms set priorities in terms of the areas in which they are truly superlative and driven in terms of performance, while in other areas they may simply be "good enough." Organizations can also contain considerable diversity, and conflicts arise among different interest groups (e.g., men versus women, minorities versus majorities, union members versus management, and so forth). The

FIGURE 13.2

CORE CULTURAL VALUES AND ENTREPRENEURSHIP



CE: Adapted from Tropman, J.E. and G. Morningstar. 1989. *Entrepreneurial Systems for the 1990s.* ort, CT: Quorum.

pitalize in a positive way on the friction between various interests, as we saw ır discussion of creative abrasion in Chapter Six. Similar conclusions apply to ɔnal goals of individuals in the firm and to organizational goals.

ıe need for entrepreneurial firms to empower employees would seem to indi- a consensus form of decision making. However, companies must move quickly, building consensus on every issue is not realistic. A major issue is the relative ıce on quantitative or fact-based and numbers-driven decision making versus ɔre qualitative approach. Consider the earlier discussion of calculated risk-

innovating and venturing into the unknown do not always lend themselves to hard numbers. Judgment, instinct, and subjective assessments play a vital role in entrepreneurship. With regard to integrity versus expediency, the placement along the continuum is not meant to suggest a firm should not demonstrate the highest integrity at all times. Rather, it must do so while also stressing the need to get things done. Too often, the entrepreneurial firm becomes overzealous in terms of its action orientation, and integrity suffers. The high pressure and strong work ethic of the entrepreneurial manager are not always shared by other employees and team members. There is a need for sensitivity toward those who view it as a job. They may put in an honest day's work but are not willing to give the daily fifteen-hour efforts an entrepreneur gives. Entrepreneurial behavior clearly must be motivated and is most consistent with performance-based rewards. Yet, entrepreneurship attempts to exist in corporations where power and tenure-based rewards are the expected norm, so again some balance is required. Finally, entrepreneurship is very people based, and so the balance on that continuum is much closer to the "intimate concerns" side. One can go too far here, though, moving beyond people's professional needs and intruding into their personal lives.

There is one more element to consider when thinking about the architecture of the company culture. We use the term *healthy discontent* to describe an emphasis on constant improvement. Employees in entrepreneurial firms are not complacent, even after a major achievement. They always want to go one better. They look at daily processes and think, "We can do this in a better way." They are always critiquing, raising positive criticisms, and challenging the way things have been or are. Managers at all levels get their hands dirty, spend time out in the field, visit customers, ride along on delivery routes, and so forth. Healthy discontent also requires a balancing act, since it can easily become negative and give rise to defensiveness and political gamesmanship.

ENTREPRENEURIAL LEADERSHIP THROUGH CULTURE: THE CINTAS CORPORATION

Culture is rich in entrepreneurial companies. An excellent case in point can be found by considering the Cintas Corporation. Cintas is the world's leading provider of corporate identity uniforms, with annual sales exceeding $1.9 billion. The company has grown for thirty-one consecutive years, with sales increasing at a compound rate of 25 percent and profits at a rate of 33 percent. An investment of $1,000 in Cintas stock when it went public in 1983 would be worth over $50,000 today.

Cintas proactively manages its company culture. For instance, it is ownership driven. Most of the executives have the majority of their net worth invested in Cintas stock. Employees are referred to as partners. At its core, the company cul-

/e are professional:

- We are thorough in everything we do.
- We have a spartan attitude about our business.
- We do what is right, not what is expedient. We practice "tough-minded management."
- We believe in people.
- A professional looks professional.
- We are courteous.
- We are enthusiastic.

/e live by the rules and have high ethical and moral standards:

- We separate business and personal affairs.
- We comply with all laws and regulations.
- We never compromise the personal and ethical standards of each other.

/e act with a sense of urgency in everything we do:

- Exceeding customer and fellow partners' needs is the simple, overriding business necessity.
- We attend to every detail of our business with a sense of urgent enthusiasm, professionalism, and thoroughness.
- We view every detail as critical to our future success.

/e have a sense of positive discontent:

- We are never satisfied with the status quo.
- We constantly strive to improve the process, the systems, the product and the service.
- We are not grumblers and complainers; we are constantly looking for opportunities.

is culture drives a very entrepreneurial enterprise. Cintas prides itself on an structure unmatched in the industry, innovative in-plant engineering and ment design, ongoing product development, outstanding employee training ams, and award-winning marketing. In a recent year, the company com- l the integration of a major acquisition (Unitog), expanded uniform rental nce into nine new cities, opened 11 new uniform rental plants, added 200 ervice uniform routes, expanded the customer base by 50,000 new business mers, and expanded distribution of its line of corporate first aid kits into new cities while adding 45 first aid service routes.

we have noted elsewhere, entrepreneurship pays off. The company is d in the top one-third of *Information Week*'s 500 Leading Information Tech-

EXPLORING A KEY VALUE: INDIVIDUALISM

Entrepreneurship does not happen without individuals. Someone must champion a concept, persevere in the face of resistance and rejection, make adaptations, and keep the idea alive. But it also does not happen without teams. A motivated, coordinated group of individuals, each having his or her own skills and contributions to make, is critical for moving an entrepreneurial event through what can be

■ TABLE 13.3

MERITS OF INDIVIDUALISM VERSUS COLLECTIVISM

Positive Aspects

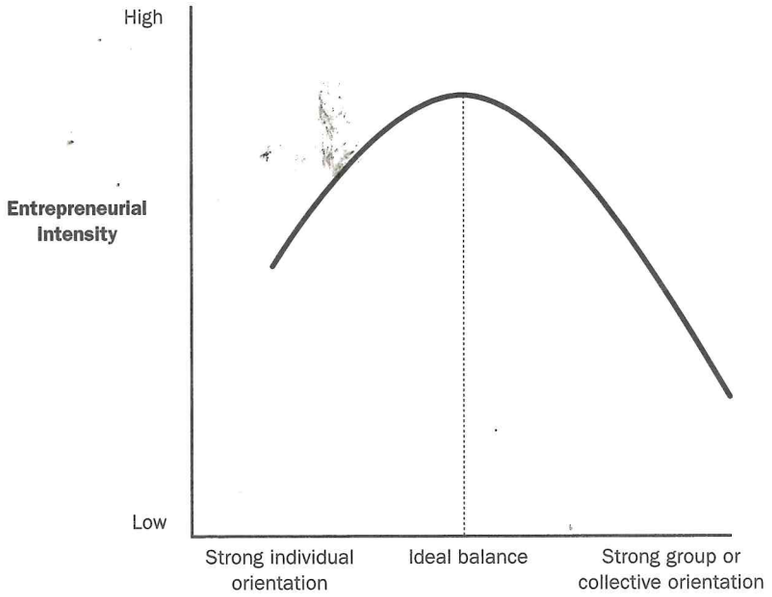
Individualism	Collectivism
■ Employee develops stronger self-concept, more self-confidence	■ Greater synergies from combined efforts of people with differing skills
■ Consistent with achievement motivation	■ Ability to incorporate diverse perspectives and achieve comprehensive view
■ Competition among individuals encourages greater number of novel concepts and ideas; breakthrough innovations	■ Individuals treated as equals
■ Stronger sense of personal responsibility for performance outcomes	■ Relationships more personalized, synchronized, harmonious, while interpersonal conflicts are discouraged
■ Linkage between personal effort and rewards creates greater sense of equity	■ Greater concern for welfare of others, network of social support available
	■ More consensus regarding direction and priorities
	■ Credit for failures and successes equally shared
	■ Teamwork produces steady, incremental progress on projects

Negative Aspects

Individualism	Collectivism
■ Emphasis on personal gain at expense of others, selfishness, materialism	■ Loss of personal and professional self to group/collective
■ Individuals have less commitment/loyalty, are more "up for sale"	■ Greater emotional dependence of individuals on the group or organization
■ Differences among individuals are emphasized	■ Less personal responsibility for outcomes
■ Interpersonal conflicts are encouraged	■ Individuals "free ride" on efforts of others, rewards not commensurate with effort
■ Greater levels of personal stress, pressure from individual performance	■ Tendency toward "group think"
■ Insecurity can result from overdependence on self	■ Outcomes can present compromises among diverse interests, reflecting need to get along more than need for performance
■ Greater feelings of loneliness, alienation, and anomie	
■ Stronger incentive for unethical behavior, expediency	

IGURE 13.3

THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND AN EMPHASIS ON THE INDIVIDUAL VERSUS THE GROUP OR COLLECTIVE



gthy process filled with obstacles. This brings us to a value that exists in companies, even if management is unaware of it: individualism versus ctivism.

dividualism refers to a self-orientation, an emphasis on self-sufficiency and ol, the pursuit of individual goals that may or may not be consistent with of the employee's colleagues, and a value system where people derive pride their own accomplishments. A group or collective orientation involves the rdination of personal interests to the goals of the larger work group, an nasis on sharing, a concern with group welfare, and antipathy towards those de the group.

a work context, there are positive and negative aspects to both individualism a group or collective orientation. Table 13.3 provides a summary of these pros cons. In essence, an individualistic ethic may foster development of an indi- al's self-confidence; lead to a greater sense of personal responsibility; create of a competitive spirit; and produce higher-risk, breakthrough innovations. a also produce selfishness, higher levels of stress, and interpersonal conflict. A orientation offers the advantages of more harmonious relationships between

the team or group focus can entail the loss of individual identity; greater emotional dependency; a tendency to "free ride" on the efforts of others; compromises rather than optimizing behavior; and "group think," in which individuals get locked into a singular shared way of viewing or approaching a problem.

The ability to achieve sustained entrepreneurship in a company is dependent upon a balance between the need for individual initiative and the spirit of cooperation and group ownership of innovation. This balance is pictured in Figure 13.3. As the entrepreneurial process unfolds, the individual champion requires not just specialist expertise but also teams of people, some of whom can fill multiple roles. Members of these teams are able to collaborate in meeting tight timelines, identifying and overcoming unanticipated obstacles, and finding angles and opportunities that often redefine the original concept, putting it on a more successful path. Sometimes it is the entrepreneur who keeps the team on track, and other times it is the team that is the voice of reason and consistency.

A DIFFERENT VIEW OF FAILURE

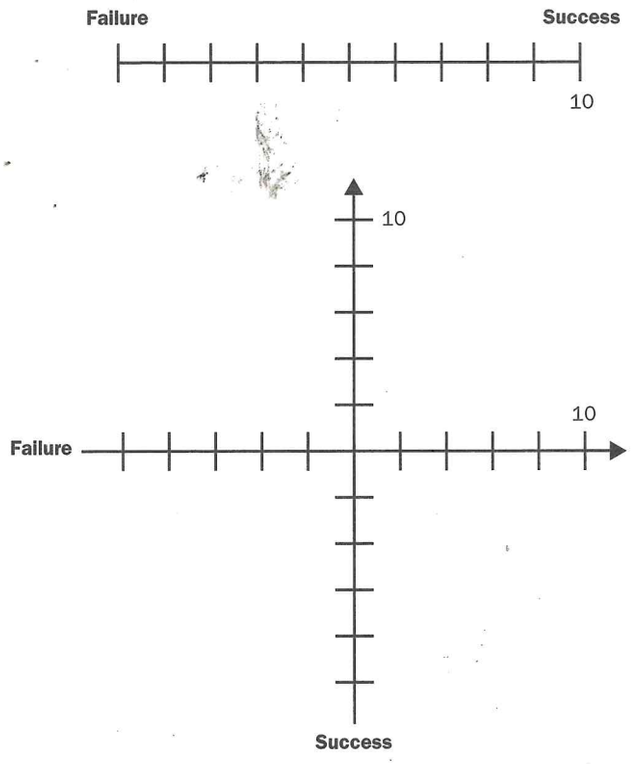
The culture in the entrepreneurial firm embraces failure. Managers recognize that failure goes hand in hand with innovating. In fact, if an employee is not failing now and again, he or she is probably not trying anything new. Yet, in most companies, failure is something employees often avoid at all costs, instead opting for the safer middle route. Fear of failure is a certain recipe for mediocrity.

Failure is *perceived*, and this reality explains much of the problem in organizations. Employees attach certain costs to it. They do not want to have the onus of failure attached to their names. It is these perceived costs that should be the focus of management. Consider a very different situation, bankruptcy, which is clearly a type of failure. Bankruptcy laws in the United States are extremely liberal. While we can debate the pluses and minuses of such liberal laws, there is one major benefit. Liberal bankruptcy laws serve to reduce the perceived cost of failure associated with entrepreneurial start-ups. They are an incentive for innovation.

Now consider a large corporation. The manager should ask himself or herself a simple question: How can I reduce the perceived cost of failure that employees associate with innovation or entrepreneurial behavior in this firm? Answering this question implies the manager has a clear sense regarding the specific costs associated with failure. Is it job loss, a smaller pay raise, a missed promotion, a blemished record, loss of autonomy, personal embarrassment, loss of stature, or something else? An interesting exercise is to ask people in organizations to cite people they know who have attempted something entrepreneurial, then failed, and then paid a clear price in terms of job loss or some of these other significant costs. They are often hard-pressed to come up with specific examples. This reality further rein-

IGURE 13.4

ALTERNATIVE VIEWS OF FAILURE



:s from failure. At Enron, for example, managers pride themselves on the fact ven failures that might end up on the front page of a major newspaper do not oy careers, while at Johnson and Johnson a favorite maxim is "Failure is our important product."

mpanies also should distinguish among the different types of failure. *Moral* e, which occurs when there is a breach of ethics or an employee acts in an ral fashion, should be addressed aggressively with a zero tolerance policy. *nal* failure is related to inadequacies in skills, understanding of an assignment sk, motivation levels, and so forth. It is dealt with through personal counsel- coaching, and training. *Uncontrollable* failures are those that occur in part ıse of events or forces beyond the control of the individual employee. This is e much of the failure associated with entrepreneurship comes into play. The

The real problem, however, has to do with how we conceptualize failure. As pictured at the top of Figure 13.4, people tend to view failure and success as opposites. Success is a line along which an employee moves. Movement in one direction produces increments of success, and movement in the other direction results in increments of failure. The problem here is that, if an employee is succeeding more, then he or she assumes that he or she is failing less. Or, if the employee is failing, they must not be succeeding. Entrepreneurial companies take an alternative view, as pictured at the bottom of Figure 13.4. Both success and failure can be occurring at the same time, in that a firm can have any number of successful initiatives and any number of failures. Something that is not all that successful is not viewed as being somewhat of a failure. Importantly, avoiding failure in no way ensures success. Experiencing failures can enhance the likelihood of success, but only if learning is taking place.

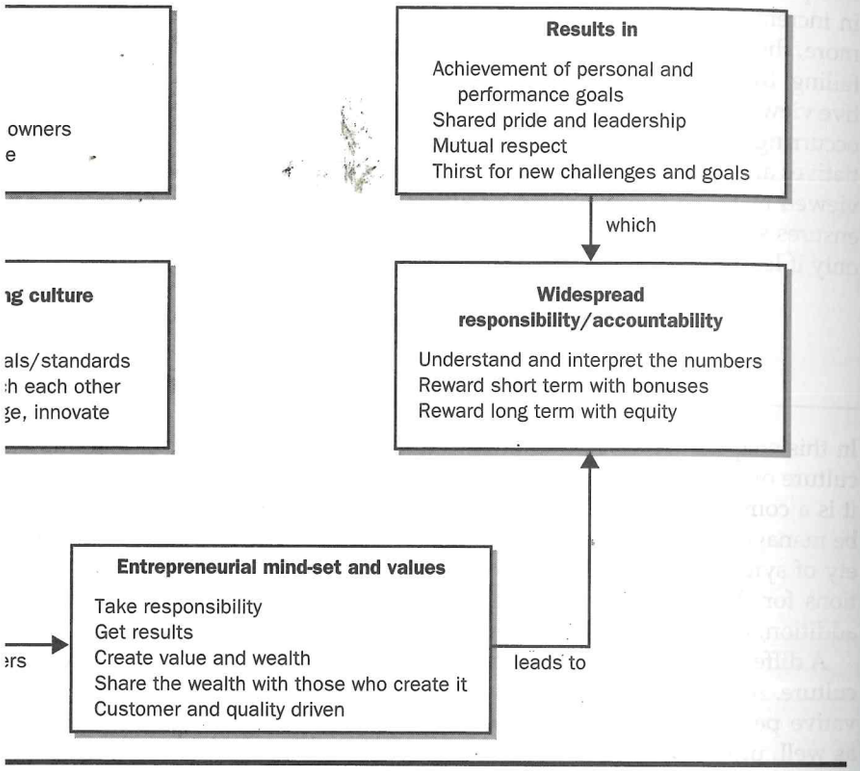
SUMMARY AND CONCLUSIONS

In this chapter, we have examined the need to embed entrepreneurship into the culture of an organization. The nature of culture has been explored and, although it is a complex and time-consuming undertaking, it was argued that culture can be managed. Culture exists at different levels, and manifests itself through a variety of symbols. There also may be types of cultures, each of which has implications for the frequency and degree of entrepreneurship in the organization. In addition, key elements of an entrepreneurial culture were presented.

A difference exists between entrepreneurial leadership and an entrepreneurial culture. An organization can have one or more people at the top who drive innovative performance. But if those people leave, innovative performance will go as well, unless it has been embedded in the culture. Kotter (1996, p. 156) notes, "Culture changes only after you have successfully altered people's actions, after the new behavior produces some group benefit for a period of time, and after people see the connection between the new actions and the performance improvement." So, management does not change the culture and then entrepreneurship happens. Rather, a company moves to an entrepreneurial culture through a process of transformation that includes ongoing innovation, continuous reinforcement, results, extensive internal communication, and working through coalitions. It is a slow process involving focused changes to artifacts, steady redefinition and prioritization of values, and the eventual permeation of the underlying assumptions that define why the company exists and how things get done.

The movement toward an entrepreneurial culture is well summarized in Timmon's (1999) "Chain of Greatness," which is illustrated in Figure 13.5. Vision coupled with learning produce an entrepreneurial

THE CHAIN OF GREATNESS



Venture Creation. Burr Ridge, IL: Irwin McGraw-Hill.

he end result is a strong, positive, and consistent culture that is achievement pride inducing, and personally fulfilling for employees. The chain of great- comes both reinforcing and perpetuating.

chapter also explored the role of individualism versus collectivism in com- While significant emphasis is placed these days on teams and groups, ers must not forget the vital role played by individuals in affecting entre- rship. The design of jobs, company structures, and performance appraisals wards should balance incentives for individual initiative and risk-taking reinforcements for teamwork and group outputs.

INTRAPRENEURIAL INSIGHT

WHEN CHANGE ISN'T TEMPORARY

Reengineer, redesign, alter, transform, restructure . . . every management trend comes prepackaged with synonyms, acronyms, and adages perfect for creating a buzz in the workplace. Trends are temporary, however, and are not followed by everyone all of the time. Over the past decade, companies have been on a continuous trend, cutting costs, streamlining, and flattening, much to the chagrin of the hard-working employee. For every action, there is an equal and opposite reaction. As organizations attempt to restructure their hierarchies and missions, it is only natural that their actions be met with fear, rigidness, and inflexibility.

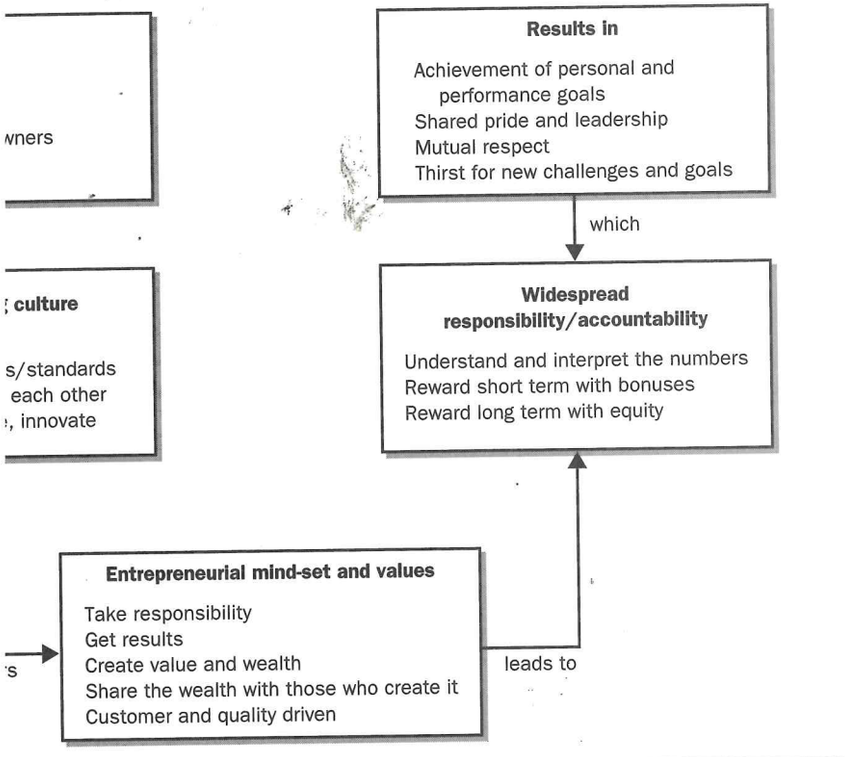
Take Jaguar of North America, for example, where the pressure of mounting nationwide changes finally frustrated dealership managers beyond tolerance. The tension started when Ford purchased the company in 1990 and began reengineering its manufacturing process and eventually restructuring the organization. One third of the staff was let go, operations was split into three divisions, and titles and perks were stripped away. As a result of falling sales and profits, the energy focus quickly turned to improving customer service. Vice President of Customer Care, Dale Gambill, thought he understood how dealers were feeling and reacting to the recent changes—with distrust and lack of enthusiasm. When Gambill confronted a group of manager-dealers about improving customer service, his speech was abruptly stopped. "How let's forget the customer for care of us," stated one dealer in reference to the recent changes. Gambill reported that the group spent two days vocalizing their frustrations, which included lack of vision, competing values among departments, and not receiving feedback about mistakes. Manager-dealers were annoyed with the fact that they were constantly putting out fires rather than training others how to prevent them. Gambill and Jaguar president Mike Dale quickly formulated a strategy to appease the dealers and mitigate future changes. Those who were emphatic enough to speak for the masses were enlisted and empowered to identify and solve problems. Employee Involvement Groups were formed and morale and service quickly turned around. Compliance to a new way of doing things is easier said than done, but when the rules and goals are common and known to everyone on the playing field, the game becomes much easier.

Change wasn't easily instilled at GTE Mobilnet when the company set out to establish itself as the leader in cellular phone customer service. What started out as a project task force became a full-time group of change agents employed to address the needs and complaints of the operating units as new policies swarmed over the organization. Even with personnel geared toward minimizing the adverse effects of change, resistence was still met: "When we went back and explained how things were going to change, they stared at us like 'What have you standing ovations." Specifically, one customer service initiative involved distributing new phones with batteries already installed and charged. The salespeople loved the idea, but the service employees were not thrilled. "We've had to overcome their objections one by one, piece by piece, bit by bit," stated one change agent. Employees simply didn't uderstand why they needed to bother with some of the initiatives presented.

Organizational change, whether among functional processes or human resource systems, must be accompanied with a logical explanation. If employees can relate to and fully understand the benefit of change, no matter how long-term, they will be much more likely to acclimate themselves to new way of doing what they've done for so long. Reengineering efforts aren't always successful, and experts say that part of the fault lies among management ranks. When management is unable to stay focused on one company goal for an extended period of time, employees generally exhibit similar behavior. Resistance to passing management fads is commonplace in organizations of all sizes and shapes. Effective, permanent change requires diligence and the ability to appeal to employees' values and emotions. Just like customers, they need to "be sold" before they'll ever "buy in."

SOURCE: Fisher, A. B. 1995. "Making Change Stick." *Fortune* (April):

THE CHAIN OF GREATNESS



Venture Creation. Burr Ridge, IL: Irwin McGraw-Hill.

he end result is a strong, positive, and consistent culture that is achievement pride inducing, and personally fulfilling for employees. The chain of greatcomes both reinforcing and perpetuating.

chapter also explored the role of individualism versus collectivism in com-

While significant emphasis is placed these days on teams and groups, ers must not forget the vital role played by individuals in affecting entrership. The design of jobs, company structures, and performance appraisals wards should balance incentives for individual initiative and risk-taking reinforcements for teamwork and group outputs.

we took a look at the value of failure. Entrepreneurial companies accept

INTRAPRENEURIAL INSIGHT

WHEN CHANGE ISN'T TEMPORARY

Reengineer, redesign, alter, transform, restructure . . . every management trend comes prepackaged with synonyms, acronyms, and adages perfect for creating a buzz in the workplace. Trends are temporary, however, and are not followed by everyone all of the time. Over the past decade, companies have been on a continuous trend, cutting costs, streamlining, and flattening, much to the chagrin of the hard-working employee. For every action, there is an equal and opposite reaction. As organizations attempt to restructure their hierarchies and missions, it is only natural that their actions be met with fear, rigidness, and inflexibility.

Take Jaguar of North America, for example, where the pressure of mounting nationwide changes finally frustrated dealership managers beyond tolerance. The tension started when Ford purchased the company in 1990 and began reengineering its manufacturing process and eventually restructuring the organization. One third of the staff was let go, operations was split into three divisions, and titles and perks were stripped away. As a result of falling sales and profits, the energy focus quickly turned to improving customer service. Vice President of Customer Care, Dale Gambill, thought he understood how dealers were feeling and reacting to the recent changes—with distrust and lack of enthusiasm. When Gambill confronted a group of manager-dealers about improving customer service, his speech was abruptly stopped. "Hey, let's forget the customer for a minute here. You aren't taking care of us," stated one dealer in reference to the recent changes. Gambill reported that the group spent two days vocalizing their frustrations, which included lack of vision, competing values among departments, and not receiving feedback about mistakes. Manager-dealers were annoyed with the fact that they were constantly putting out fires rather than training others how to prevent them. Gambill and Jaguar president Mike Dale quickly formulated a strategy to appease the dealers and mitigate future changes. Those who were emphatic enough to speak for the masses were enlisted and empowered to identify and solve problems. Employee Involvement Groups were formed and morale and service quickly turned around. Compliance to a new way of doing things is easier said than done, but when the rules and goals are common and known to everyone on the playing field, the game becomes much easier.

Change wasn't easily instilled at GTE Mobilnet when the company set out to establish itself as the leader in cellular phone customer service. What started out as a project task force became a full-time group of change agents employed to address the needs and complaints of the operating units as new policies swarmed over the organization. Even with personnel geared toward minimizing the adverse effects of change, resistence was still met: "When we went back and explained how things were going to change, they stared at us like, 'What have you done?' We sure didn't get any standing ovations." Specifically, one customer service initiative involved distributing new phones with batteries already installed and charged. The salespeople loved the idea, but the service employees were not thrilled. "We've had to overcome their objections one by one, piece by piece, bit by bit," stated one change agent. Employees simply didn't uderstand why they needed to bother with some of the initiatives presented.

Organizational change, whether among functional processes or human resource systems, must be accompanied with a logical explanation. If employees can relate to and fully understand the benefit of change, no matter how long-term, they will be much more likely to acclimate themselves to new way of doing what they've done for so long. Reengineering efforts aren't always successful, and experts say that part of the fault lies among management ranks. When management is unable to stay focused on one company goal for an extended period of time, employees generally exhibit similar behavior. Resistance to passing management fads is commonplace in organizations of all sizes and shapes. Effective, permanent change requires diligence and the ability to appeal to employees' values and emotions. Just like customers, they need to "be sold" before they'll ever "buy in."

SOURCE: Fisher, A. B. 1995. "Making Change Stick," *Fortune* (April): 121–130.

ıce is an indicator that nothing new is being attempted. Of course, employ-
ınd to be skeptical when the boss says it is okay to make mistakes. The need
systematic management of failure, in which a philosophy of failure is widely
ıunicated, rewards and awards are given for entrepreneurial initiatives that
ɔt work out, and efforts are formally organized to document and derive learn-
ɛssons from failed efforts.

ERENCES

vall, J., and B. Perlman. 1990. *Organizational Entrepreneurship*. Homewood: Irwin.

ıs, J. C., and J. I. Porras. 1994. *Built to Last*. New York: Harper Business.

T., and A. Kennedy. 2000. *Corporate Cultures*. Reading: Perseus Publishing.

ıl, G. 2000. *Leading the Revolution*. Boston: Harvard Business School Press.

le Vries, M., and D. Miller. 1984. *The Neurotic Organization*. San Francisco:
sey Bass.

r, J. 1996. *Leading Change*. Boston: Harvard Business School Press.

ff, I., and J. Kilmann. 1975. "Stories Managers Tell: A New Tool for Organizational
ɔblem-Solving," *Management Review* 64, No. 7: 18–28.

i, W. 1981. *Theory Z: How American Business Can Meet the Japanese Challenge*. Reading:
ldison-Wesley.

ɜ, T. 1997. *The Circle of Innovation*. New York: Alfred A. Knopf.

ı, N., and M. A. Von Glinow. 1985. "Arriving at Four Cultures by Managing the
ward System." In *Gaining Control of the Corporate Culture*, edited by R. Kilmann et al.
n Francisco: Jossey-Bass.

ıons, J. 1999. *New Venture Creation*. Burr Ridge: Irwin McGraw-Hill.

H., and J. Beyer. 1993. *The Cultures of Work Organizations*. Englewood Cliffs:
ɛntice-Hall.

nan, J., and G. Morningstar. 1989. *Entrepreneurial Systems for the 1990s*. Westport:
ıorum.