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# Entrepreneurial Orientation

COMPETENCY

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Definition: A tendency to look for and seize profitable business opportunities; willingness to take calculated risks to achieve business goals.

- a) Notices and seizes profitable business opportunities
- b) Keeps abreast of business, industry and market information that may reveal business opportunities
- c) Demonstrates willingness to take calculated risks to achieve business goals
- d) Proposes innovative business deals to potential customers, suppliers, and business partners
- e) Encourages and supports entrepreneurial behavior in others

### IMPORTANCE OF THIS COMPETENCY

Entrepreneurial Orientation, looking for and seizing profitable business opportunities, has always been a central determinant of success in business and in sales. As companies decentralize, setting up separate business units, more business leaders need to develop Entrepreneurial Orientation. The variety of new business deals and the speed with which they are arranged add to the importance of this competency.

### GENERAL CONSIDERATIONS IN DEVELOPING THIS COMPETENCY

Entrepreneurial Orientation requires some business knowledge. You need to know the kinds of business deals that are possible and the associated legal and financial arrangements. These kinds of knowledge can be gained through reading business publications, taking courses, and talking with others who have these kinds of business knowledge.

But this competency also requires a particular set of attitudes: alertness to opportunities and comfort with calculated risk taking. Working with people high in this competency is an excellent way to develop these attitudes.

### **PRACTICING THIS COMPETENCY**

- Read business publications such as Business Week, Fortune, The Wall Street Journal and other relevant industry and trade journals to learn about the types of business deals that are available in your industry.
- Identify and interview someone in your industry who is high in Entrepreneurial Orientation. Ask what this person does to become aware of and seize business opportunities. Ask the person to talk about what he/she did to put together several business deals.
- Develop and maintain a network of contacts in your industry or marketplace: people from whom you may be able to learn about business opportunities.
- Ask customers and suppliers for referrals, i.e. others who may be interested in doing business with you.
- Identify possible opportunities and discuss them with others who may be able to help you act on these opportunities.
- Encourage reasonable risk taking in the people who work for you. Do not expect every opportunity to pay off. If you criticize or punish people for taking reasonable risks, they will avoid this behavior in the future.
- Analyze an opportunity using a systematic approach. What are all the foreseeable risks? How likely is each risk? What is the possible payoff under different conditions? How likely is the payoff under these conditions? How can you structure a deal to maximize potential payoff, while minimizing risk?

### **OBTAINING FEEDBACK**

When you have identified and analyzed an opportunity, review your analysis with someone whose judgment you trust.

### **LEARNING FROM EXPERTS**

Look for opportunities to work closely with someone who has a track record of making successful business deals.

Interview someone who has made several successful business deals. Find out what the person did and how, problems that were encountered, and what the person did to cope with them.

### **COACHING SUGGESTIONS FOR MANAGERS**

If you are coaching someone who is trying to develop this competency, you can:

- Provide assignments that involve working with others who are looking for or putting together business deals.
- Discuss the kinds of business opportunities that the person might pursue.

### **SAMPLE DEVELOPMENT GOALS**

By December 8, I will identify and prepare an analysis of a potential business deal and review this analysis with Sam Smith and Molly Boulton.

By November 20, I will talk to 12 business contacts about the kinds of business opportunities my unit could pursue.

### **BOOKS**

Corporate Entrepreneurship: Entrepreneurial Development within Organizations, by Michael Morris & Donald Kuratko. Cincinnati, OH: South-Western College Publishing, 2002.

Corporate Venturing: Creating New Business Within the Firm, by Zenas Block & Ian MacMillan. Boston, MA: Harvard Business School Press, 2003.

Great Leaders See the Future First: Taking Your Organization to the Top in Five Revolutionary Steps, by Carolyn Corbin. Chicago, IL: Dearborn Trade Publishing, 2000.

Growing Your Business!, by Mark Leblanc. Andover, MN: Expert Publishing, Inc., 2003.

Innovation and Entrepreneurship, by Peter F. Drucker, New York, NY: HarperCollins Publishers, Inc., 2006.

Innovation Strategy for the Knowledge Economy, The Ken Awakening, by Debra M. Amidon. Newton, MA: Butterworth-Heinemann, 2006.

Intrapreneuring in Action: A Handbook for Business Innovation, by Gifford Pinchot & Ron Pellman. San Francisco, CA: Berrett-Koehler Publishers, Inc, 2000.

Management Challenges for the 21st Century, by Peter F. Drucker. New York, NY: HarperCollins Publishers, Inc., 2002.

The 2,000 Percent Solution: Free Your Organization from 'Stalled' Thinking to Achieve Exponential Success, by Donald Wayne Mitchell, Carol Coles, & Robert Metz. New York, NY: AMACOM, 2003.

The Entrepreneurial Connection, by Gurmeet Naroola. New Delhi, India: Tata McGraw-Hill Publishing Co. Ltd., 2001.

The Entrepreneurial Mindset, by Rita Gunther McGrath & Ian MacMillan. Boston, MA: Harvard Business School Press, 2000.

### **EXTERNAL RESOURCES**

See Appendix