



Leading the Charge:

What sets entrepreneurial leaders apart and how we can help them succeed

There are many themes associated with the concept of entrepreneurship. We associate it with risk seeking, high rewards, identifying opportunities, flexibility, and out of the box thinking. But what do we actually know about entrepreneurs?

Research¹ in this area has found that entrepreneurs tend to ideate at higher levels than others, avoid counterfactual thinking (e.g., thinking about “what might have been” or considering alternative outcomes for events that have

already happened), and show ease at switching between tasks. Studies² also show that entrepreneurs benefit from social capital and skills that may not be available to others, such as social competence, high educational attainment and entrepreneurial business knowledge.

While it is useful to know what these characteristics are, a lot of them are difficult to measure consistently in a consulting setting (e.g., counterfactual thinking). Others are difficult to change or modify in practical ways because they would

¹ Ames & Runco, 2005; Baron, 2000; Neck, 2011

² McGowan, Cooper, Durkin, & O’Kane, 2015; Schoon & Duckworth, 2012

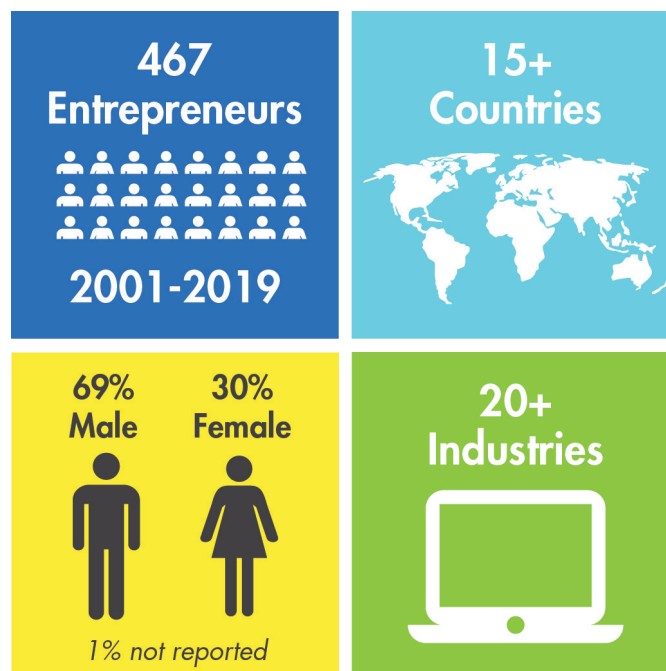
require large amounts of time (e.g., educational attainment) or because they involve complex constructs that need to be broken down into their components (e.g., social competence).

A remaining question is whether there are more practical ways to look at entrepreneurship that are more actionable and useful in a consulting setting. The current research uses overt behavioral patterns to describe entrepreneurs, and their potential strengths and weaknesses. We chose to focus on behaviors for several reasons:

- They are easier to measure, interpret and describe than other, more abstract concepts
- They require little inference on the part of the observer, which should lead to greater agreement
- They can be modified (and that progress tracked) through concrete action plans
- There is a great deal of research on the strengths and weaknesses of different behavior patterns, and this research can be combined with the present findings to explore the light and dark side of entrepreneurship.

This research summary will describe different patterns of behavior that characterize entrepreneurs, including the strengths and weaknesses associated with those behavior patterns. We will also describe general empirically-based suggestions for leaders who do not consider themselves entrepreneurs but would like to become more entrepreneurial in their approach to leadership.

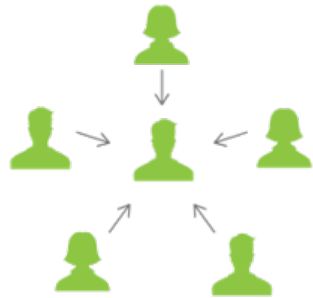
About the Participants



The Tool

LEA 360™: the Leadership Effectiveness Analysis

A multi-rater leadership assessment used in more than 100 countries, with more than 1 million total participants.



Observer Questionnaire

22 leadership behaviors
31 leadership competencies



Self Questionnaire

22 leadership behaviors
3 research items

Identifying Entrepreneurs

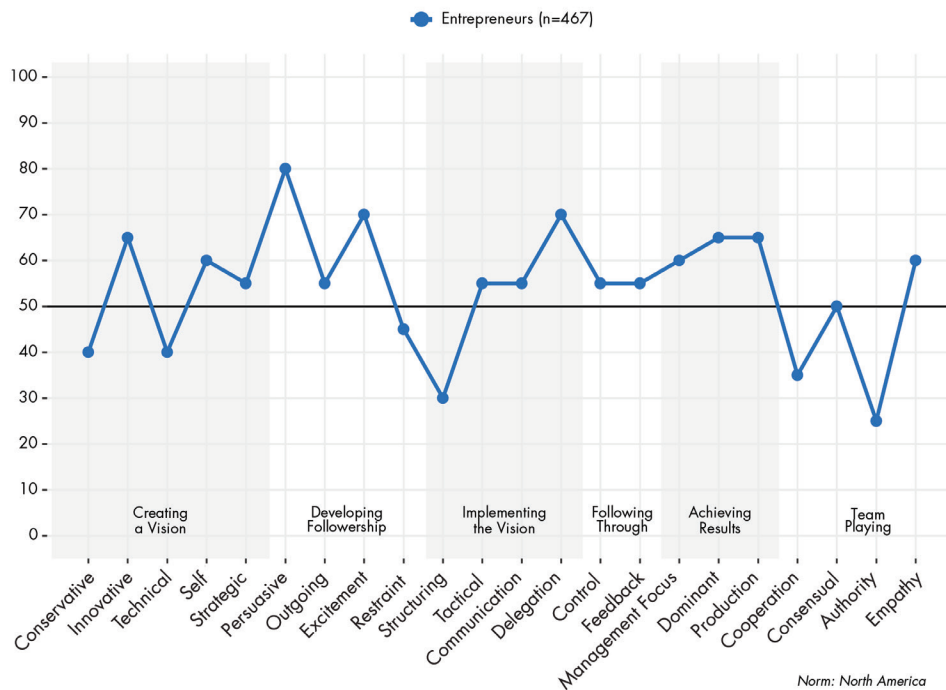
For the purpose of this study, entrepreneurs were defined as anyone who is:

- The Founder of an Organization, as indicated by their title
- The President or CEO of a Startup

We identified 467 Entrepreneurs who had completed the LEA Self Questionnaire. Of those leaders, 111 had completed a full LEA 360 process and had both Self and Observer data.

Entrepreneur Self Profile

The first step to understanding the leadership behaviors most emphasized by entrepreneurs is to measure how they perceive themselves. We used LEA Self data of the 467 entrepreneurs in this study to develop a median behavior profile.




The numbers on the left side of the graph above indicate percentile score in relation to the LEA North American norm. The 22 leadership behaviors measured by the LEA are listed in the bottom of the graph. From this profile we can see that entrepreneurs' approach to leadership is characterized by several strengths:

- Selling ideas and building energy around them (Persuasive and Excitement).
- Giving others room to grow and try new ideas without too many restrictions (Delegation and Structuring)
- Not being bound by rules or the opinions of those in positions of authority (Deference to Authority)

On the other hand, this profile indicates some potential liabilities, as entrepreneurs may:

- Not be open to challenges from others (Deference to Authority)
- Let ideas take flight without providing much support or structure (Delegation and Structuring)
- Find it easy to break with standard procedure (Structuring and Deference to Authority)
- Appear selfish and uninterested in helping others (Cooperation)



As with any pattern of human behavior, we find that the entrepreneurial profile is associated with some potential benefits and some potential liabilities. The patterns demonstrated by this research may not apply to every single individual from this population of leaders. However, they highlight areas that should be evaluated as part of the developmental process.

What is Unique to Entrepreneurs?

Entrepreneurs are a subset of top leaders who, by our operationalization, function mainly as Presidents or CEOs of their organization. The entrepreneur profile gives us a picture of their behavioral tendencies. While it is important to understand the full behavior profile of entrepreneurs, it is also useful to identify which of those behavioral tendencies are specific to the entrepreneur and which may be a consequence of their role as President or CEO. Our next goal was to identify what is unique to entrepreneurs by comparing them to a similar group of Presidents and CEOs from the same countries and industries.

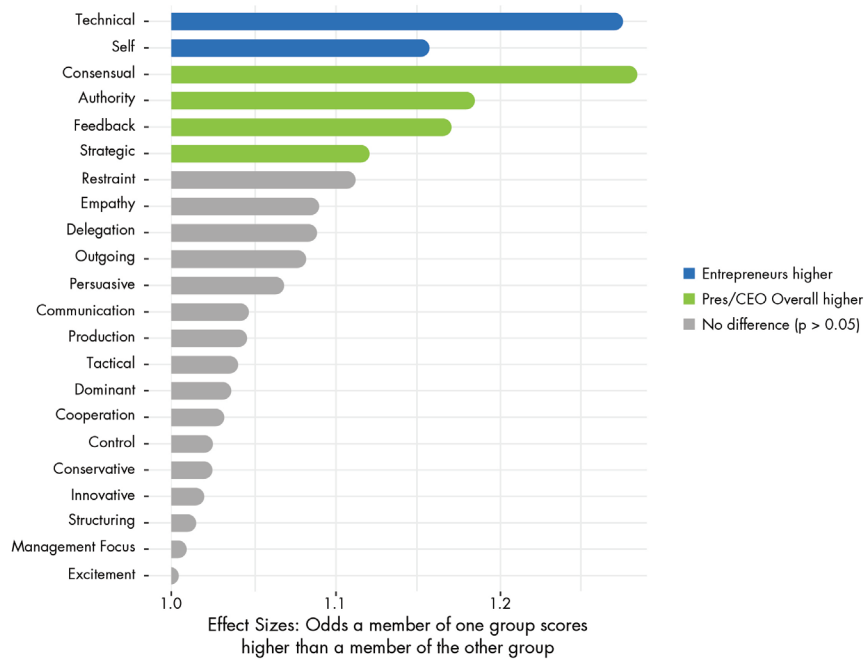
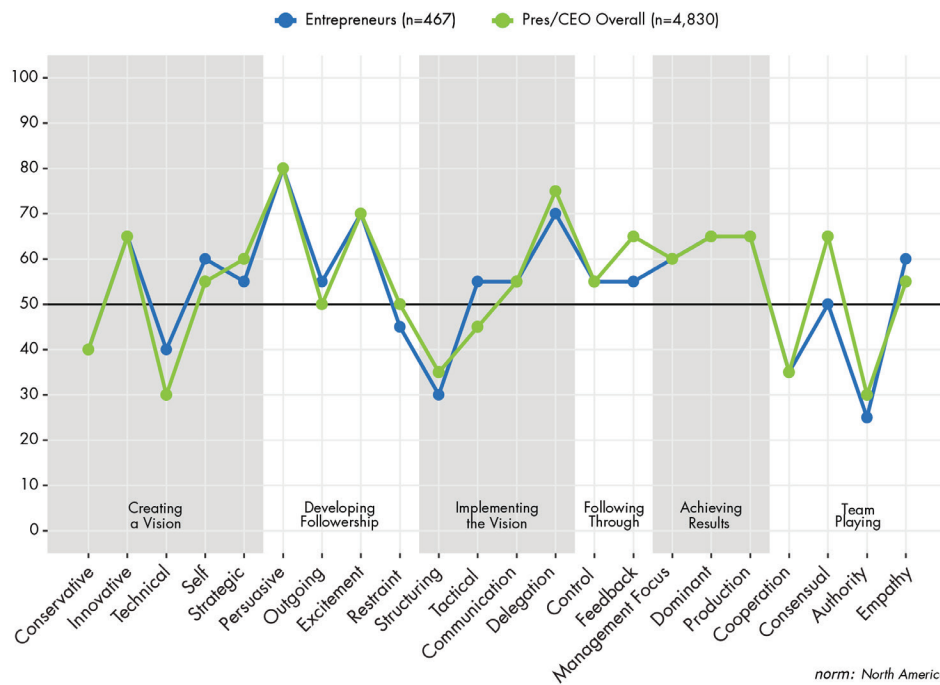
When comparing entrepreneurs to other presidents and CEOs, we found some similarities in overall behavioral tendencies. However, statistically significant group differences with larger effect sizes revealed that entrepreneurs:

- Are less likely to rely on input from others (Self, Consensual and Deference to Authority)
- Spend less time giving feedback and letting others know how they are doing (Feedback)
- Are more likely to rely on their own expertise to make decisions (Technical)

In summary, entrepreneurs are more likely to rely on self-expertise, while non-entrepreneurs tend to consider more information, a broader set of contexts and different perspectives. See the graphs below for the median group profiles and the results of the group comparison using Wilcoxon tests.

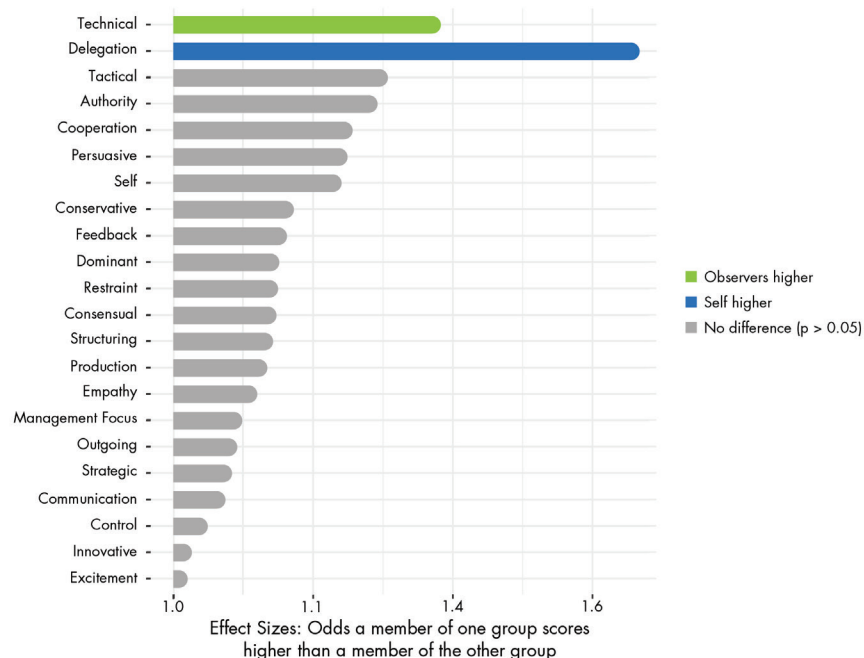
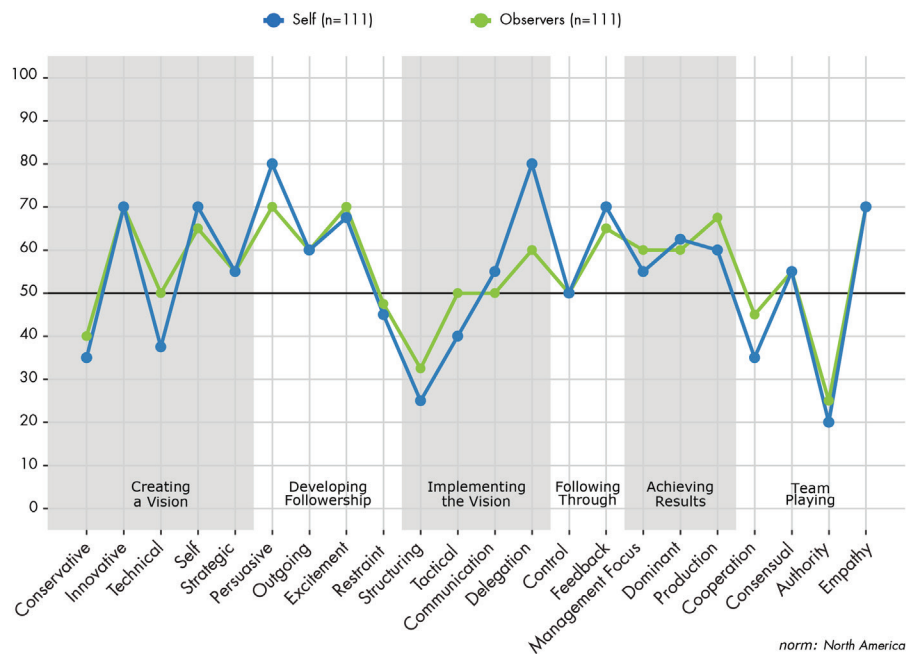
A Note on Group Comparisons

This research summary compares different groups of leaders (e.g., entrepreneurs compared to other Presidents and CEOs, and male entrepreneurs compared to female entrepreneurs). In our descriptions of the results we will use the terms higher, lower, less, and more to indicate significant differences between the groups. We might say, for example, that female entrepreneurs tend to place a higher emphasis on technical behaviors than male entrepreneurs do. The terms higher and lower are relational and not absolute. We do not intend to say that women are high on this behavior set, they are simply higher than men. To identify where each group median is located, refer to the line graphs included in this summary.



How Accurate are Entrepreneurs' Self-Perceptions?

This research has thus far been based on perceptions measured through a self-assessment. However, with self-data there is always the potential for blind spots, or areas where leaders and their observers may have different perceptions of a leader's behavior. To address this, a subset of entrepreneurs ($n = 111$) for whom we had LEA 360 data was used to compare self and observer perceptions of leadership behaviors. Observer scores for each leader were combined into a single mean score, weighted by observer type (i.e., bosses, peers and direct reports) so that each participant in the sample had one self-score and one combined observer score.

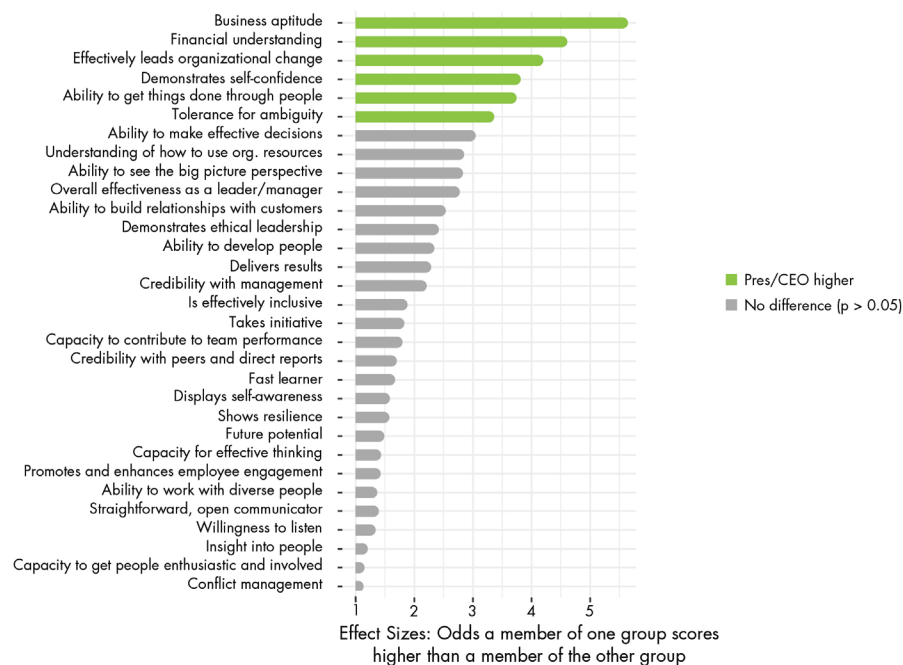


We found a great degree of alignment between self and observer perceptions, suggesting that entrepreneurs have a fairly good sense of how they behave and how others might perceive them. Only two areas emerged as potential blind spots that might be valuable to address when coaching individual entrepreneurs:

- Entrepreneurs tend to overestimate their emphasis on how much they delegate (Delegation)
- Entrepreneurs tend to underestimate how much they rely on their expertise (Technical)

Potential knowledge gaps of entrepreneurial leaders: A preliminary analysis using observer data

The blind spot study described above used participant data from the LEA 360, which combines a self and an observer questionnaire. As described previously, the self-questionnaire measures emphasis on different leadership behaviors, while the observer questionnaire measures both emphasis on leadership behaviors and observer ratings of effectiveness across 31 leadership competencies. We used ratings on the 31 leadership competencies to compare entrepreneurs to other presidents and CEOs.



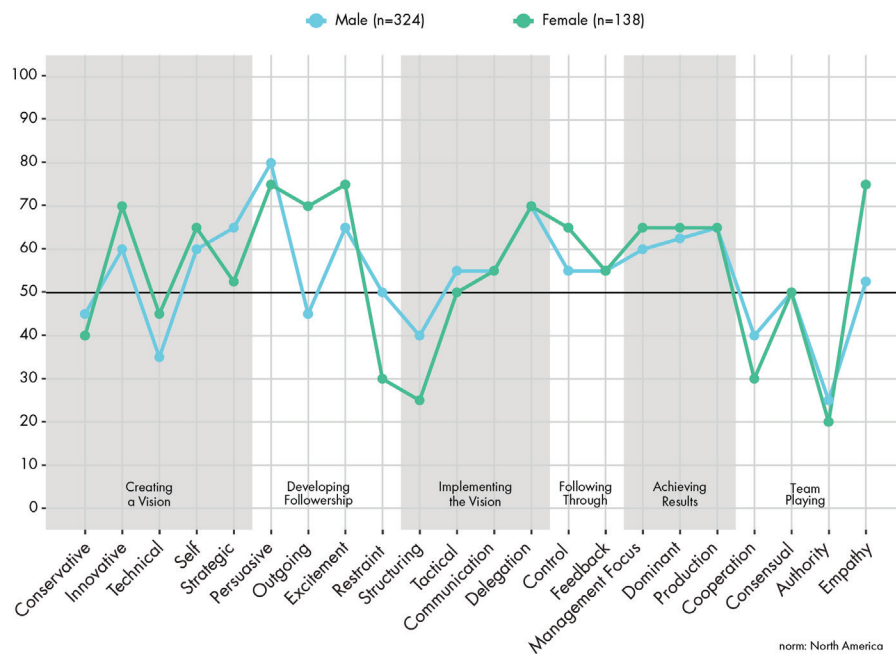
Although this comparison is based on a subset of 111 entrepreneurs, it revealed some themes that should be discussed and addressed in future research, and could be of value in a coaching setting. Entrepreneurs are seen as less effective than other presidents and CEOs in two areas: psychological resilience (i.e. Demonstrates self-confidence and Tolerance for ambiguity) and business knowledge (i.e. Business aptitude, Financial understanding, Effectively leads organizational change, and Ability to get things done through people).

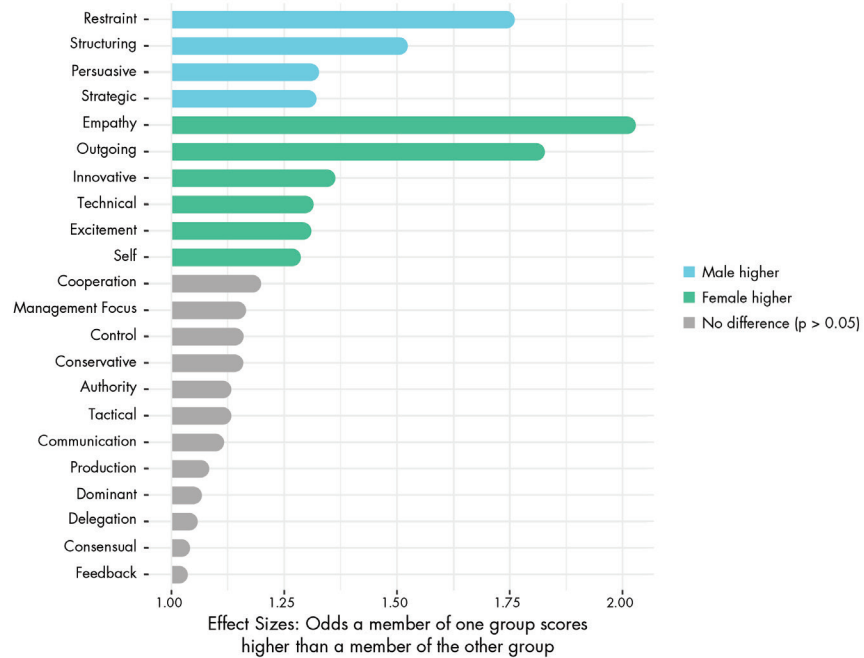
These results suggest a possible gap in knowledge experienced by entrepreneurs. It is important to consider that entrepreneurs tend to follow a unique path to becoming organization leaders. Because of this, entrepreneurs are less likely to have undergone the same level of leadership development, mentorship and observational learning that other presidents and CEOs experience. This possibility highlights the need for coaches and consultants to explore and address any potential gaps in knowledge and experience faced by entrepreneurs.

Variations of the Entrepreneur Profile

We compared groups of entrepreneurs by gender and generation to explore variations within the entrepreneur profile. These comparisons used LEA Self data.

Gender differences in Entrepreneurial Leaders



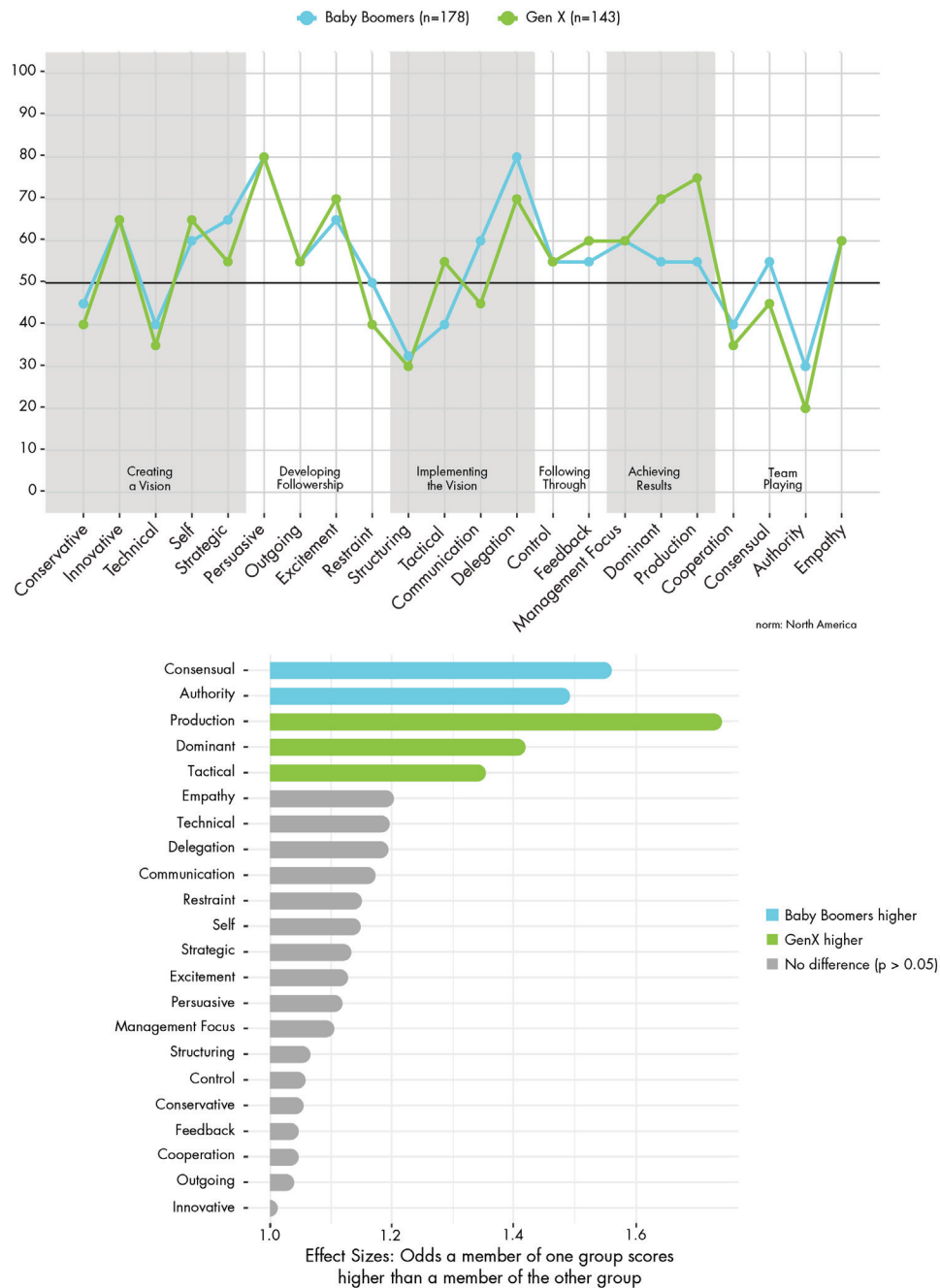


Female entrepreneurs tend to place more emphasis on relationships, being friendly and generating excitement, while also being more likely to work autonomously (Empathy, Outgoing, Excitement and Self). They are also more likely to rely on their expertise and to have an experimental mindset (Innovative and Technical).


Male entrepreneurs are more likely to focus on thinking ahead and selling ideas while also containing their emotional expression (Restraint, Persuasive and Strategic). They are also more likely to behave methodically and provide task guidance to others (Structuring).

Generational Differences in Entrepreneurial Leaders

The two generations most represented in our sample of entrepreneurs were Baby Boomers and Generation X. We compared the behavior profiles of these two generations of entrepreneurs.



Generational differences in entrepreneurs align well with our other research on generational differences. Entrepreneurs from the older generation are more likely to invite thoughts and opinions from others, to value the rules and to be less challenging and forceful in their leadership (Consensual,



Deference to Authority and Dominant). Those from Generation X are more likely to focus on setting ambitious goals and quickly seizing opportunities (Production and Tactical).

Coaching Leaders in Any Role to Develop Entrepreneurship: A summary of the Hallmarks of Entrepreneurial Leadership

The concept of entrepreneurship has been growing in popularity. It is increasingly present in competency and leadership models, and many leaders strive to demonstrate greater levels of entrepreneurship regardless of their current role. Our research on the leadership behaviors that characterize entrepreneurs found several hallmarks of the entrepreneurial approach to leadership that might benefit leaders in a more generalized context.

This research found several key insights about the behavioral areas that entrepreneurs tend to emphasize above others:

1. **Sell ideas.** Persuasion skills are important. Leaders should develop their ability to win people over and not assume that others will agree by default.
2. **Build commitment.** Excitement can be contagious. Leaders should use it to get buy-in and commitment to their ideas.
3. **Learn to delegate.** Delegating tasks gives others room to learn and grow, and can build support.
4. **Don't overemphasize rules and guidelines.** Leaders should be flexible and not focus on establishing rigid systems and guidelines.
5. **Be comfortable challenging authority.** Leaders should be comfortable pushing back when they think it is important.

Entrepreneurial leadership comes with some potential pitfalls that should be avoided when making an effort to align one's leadership with the entrepreneurial profile:

1. **Entrepreneurs might be prone to creating chaos**
Being comfortable with change and uncertainty can be beneficial in many situations but too much of it can leave others confused and unable to perform their jobs effectively.
2. **Maintaining knowledge and trusting your understanding is important as long as one does not lose sight of other perspectives and ideas**
Rather than making decisions in a highly self-directed and autonomous manner, it might be valuable to collect different ideas and perspectives and then use one's specialized knowledge to evaluate those ideas.
3. **It is important not to neglect one's social capital**
Entrepreneurs need to focus on their goals, sometimes at the expense of not supporting others with their objectives. However, it is important to not appear selfish and as someone who is unwilling to lend a helping hand when needed.



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Maria holds a Doctorate Degree in Psychology from Vanderbilt University. Before joining MRG, Maria was an Assistant Professor of Psychology at Murray State University, where she headed the Language Learning Laboratory. She regularly presents empirically-based insights on key topics in leadership to a variety of audiences around the world. Her research has been published in a number of scientific journals and her research on educational practices was recognized by the Society for the Teaching of Psychology.

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Tricia has been consulting to individuals, teams and organizations for over 30 years and her experience includes coaching, product design, research, and business development. She has been a speaker for Tedx Dirigo, is a contributing author to the book *Enlightened Power: How Women Are Transforming the Practice of Leadership*, and is a contributor to Global Coaching Perspectives: the Association for Coaching Magazine (UK). Tricia received her graduate degree in Management from Lesley University and her undergraduate degree from Boston College.

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