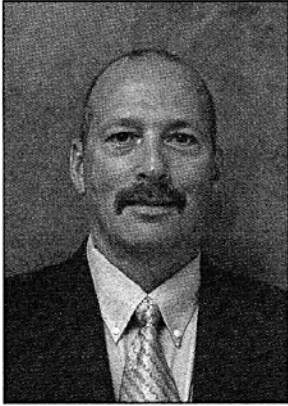


Entrepreneurship and Business Management in the Twenty-First Century



Timothy Stansfield
President
IET, Inc.

As the president of IET, Inc., an international engineering company that has provided services for over 300 companies in over 1,500 manufacturing locations, I have had the experience of seeing and living successful, futile and disastrous business and management practices. I have had the opportunity to work with scholars on various lines of academic research. I have also taught senior and graduate level business courses, as well as engineering classes. Throughout my twenty-five years of business experience, I have created an on-going list of business practices that I share with my customers, suppliers, fellow engineers and academic associates. These are the "real life" practices that are not taught in the classrooms of business courses or at a minimum, are presented as idealistic concepts with no real tactics for execution.

This list has provided a framework for the management and business principles of IET, Inc. This list is a daily reminder of how to deal with customers, employees, business management, organizational change, and a balanced entrepreneurial life. It ensures that the entire management team shares a "real world" culture, while promoting the universal corporate desires of increasing sales and employment, personal challenge and

development, customer satisfaction and contribution to society in general. The intent of the list and this article is to move beyond the classroom and look at the true situations that managers, business leaders and entrepreneurs will face in this new millennium and suggest tactics for success.

The Customer is Always Right

I learned this philosophy during my high school years while working for a local department store. Often viewed as an idealistic concept, this philosophy is a must for any company that has employees. Our employees are on the front line dealing with customers and making daily decisions about issues and service. The empowered employee (whether you want them empowered or not) is the one who is representing your company. It is much easier and beneficial long-term to have employees err on the side of the customer when confronting issues about service, quality, and yes, even cost. The old adage "win an argument, lose a customer" is an elementary mistake made by individual employees concerned about their own job security or who have a general sense of distrust, which ultimately leads to lost future sales.



General guidelines and skills such as listening, negotiating, and communicating ensure that each employee can anticipate and sense issues before they become significant to the business. Each employee should understand that every customer issue, which is deemed irresolvable, should be immediately passed on to his or her manager. It is the manager's responsibility to address these issues immediately. The necessary training and overall corporate philosophy of "the customer is always right" can be easily maintained at the top level if the entrepreneur or business leader truly believes this philosophy. The overall philosophy that must be instilled in employees is that without customers, we have no business.

Do What Needs To Be Done — Not Just What Your Customer Orders

It is important to remember that you are the expert about your product or service. A customer who chooses to use your company may have an extremely strong sense of what they want, down to the most minute specification. It is your responsibility to see through what the customer says, and actually understand what is required for the situation. At the end of the day, if the customer gets exactly what they said they wanted, but it was not what they really needed, you will lose.

Infusing this attitude in employees can be challenging and actually motivating for the individual. The employee-customer relationship becomes stronger and the opportunity for sales expansion is much more probable. It is the company's responsibility to "tell it like it is," and allow the fully informed customer to make the best decision. We will always have an obligation to do what the customer ultimately decides. However, a well-versed customer who has listened to the company's expert advice is more likely to receive what

they need and ensure a continued win-win relationship.

Know Your People and Your Operations

As a business leader and/or entrepreneur, employees look up to you for guidance, risk taking, decision making, and motivation. It is extremely important that you know every individual in your organization by name, or at a minimum your expansive area of responsibility. The most impressive plant managers can walk through their plants and talk to each employee about daily operations, issues and performance. These unique plant managers will address every employee by their first name and immediately develop respect and approbation. This relationship allows the general manager to ask production workers difficult questions without being intimidating.

It is also important that managers see first-hand the performance of their production processes. Daily, weekly, and monthly reporting is a great means of managing a wide range of responsibilities. The real issues are not being obviously reported, or they would most likely be fixed. "Management by walking around" ensures that the day-to-day issues of production operators are truly understood. The manager then has the knowledge and credibility to address these issues during improvement and production meetings.

Manage Employee Equity

This is one of the most difficult challenges for managers in any business. Employee satisfaction is driven by the equity theory. Employees are happy with their pay until they find out that a fellow employee performing at a perceived inferior level is making more money. This issue applies to pay, time, recognitions, benefits, titles, etc. Managers must recognize that these issues are not simply employee whining, but can

significantly affect the performance of the company through turnover, moderate productivity, and the headache of dealing with negative attitudes.

There is a simple solution, but it is rarely practiced. Managers and leaders must be very conscious of the equity principle and ensure impartial treatment of employees through conversations, actions, rewards, recognitions, and compensation changes. This is a very important constituent of leadership training and orientation. A formal training program on equity theory should include reading, exercises and practice. A thorough understanding of this principle can greatly simplify many of the supervisory issues that managers face everyday.

Let Employees Make Mistakes

Employees who are worried about the wrath of management if they make a mistake cannot deal with customer issues, variances to the production processes, or provide any significant form of improvement or innovation. Allow and encourage employees to take calculated risks, recognizing that mistakes are not failure. Employees want to do the right thing, and occasionally that might mean doing something different and uncertain. This attitude supports employee satisfaction and improves performance. These limited risks are the true form of continuous improvement and are a familiar characteristic of the successful firm in the twenty-first century.

Do not confuse this with malicious issues such as tardiness, personal interferences, and poor performance. These issues must be addressed according to principle four, which is the equity theory. The line between mistakes intended to promote the company and one that is simply self-serving is very clear. It is as important to be firm with malicious issues as it is to allow mistakes intended to advance the company.

Show Your Passion

The entrepreneur and/or company leader is typically the most passionate employee in the company. This passion can be contagious and the leader should look to pass this passion on to every employee. This passion provides the necessary drive to ensure performance, improvement, innovation, and ultimately customer satisfaction. Passion offers motivation, excitement, enthusiasm, and ultimately leads to employee satisfaction.

The entrepreneur has a role as cheerleader for the company and should let their true nature flow. Don't be afraid to lead by example and show your passion towards hard work, risk taking, innovation, and customer endorsement. This passion is truly craved by employees, suppliers, and customers. If you do not believe in what you do, who will?

Learn to Delegate

The typical entrepreneur has performed, or at a minimum been intimately involved with, every aspect of their business during the initial start-up epoch. His or her passion, skill and focus set the bar for extremely high levels of performance in all functional areas. The entrepreneur must realize that for the business to grow, delegation of responsibilities is required. The entrepreneur must recognize where their aptitudes offer the most good for the company; concentrate on these areas and accept individual performance in other functional areas. This individual performance is often viewed as inferior to the entrepreneur's personal performance, but this is typically not the case. Let go of these self-established performance barriers.

Believe it or not, someone can always do it better than you. This is an opportunity to allow yourself time to focus on the areas of business where you can contribute the most, while motivating employees by entrust-

ing them with more responsibility. This is the first step to significant improvement, promising positive change, and generating significant organizational growth.

Avoid the Fads

Entrepreneurs and business leaders are often looking for the solution for improvement that will allow them to concentrate on other business issues and still sleep at night. There are over 5,000 management improvement books published annually promoting faster, smoother, leaner, and superior management practices. Cost, quality, and speed are the three variables which allow for competition. Every firm must compete on all three of these levels with an emphasis on the one that offers the most significant competitive advantage. Evaluate the most important opportunities for improvement in your organization and look for the people, consultants and tools required to address this vision. This is not to suggest that some fads cannot have a positive affect on various facets of the business. However, the astute leader must be careful not to distract themselves or their employees with "flavor-of-the-month" programs that may actually develop cynicism, erroneous focus, and secondary performance. Do not find the tool and then go looking for the problem to fix.

Know the Financials

It is remarkable how entrepreneurs and managers assume that if they concentrate on customer satisfaction and service, the profits and financial performance will come. Unfortunately, this is not true. Financial performance is the ultimate scorecard and the final measure of success or failure. Managers must understand the financial delineation of their areas of responsibility, as well as the areas that they can truly and effectively influence. Area specific scorecards should be provided to

and expected by each manager. An absolute understanding of these scorecards and specific targets for financial improvement should be a daily managerial mission.

It is also remarkable how often managers can find significant cost improvement opportunities when economic conditions are not favorable. It seems that a level of profit that has any history is acceptable if it is not diminishing. I like to ask my clients the following question: "If times were tough, what would you target for improvement?" I then suggest that we target these areas today and drive profit margins up during the good times. This requires a manager who is driven by challenge and not satisfied with the status quo. It also requires a manager who can recognize the difference between appropriate expenses that have future risk/reward opportunities, and simply refining costs.

Know What Is Happening

It is the responsibility of the entrepreneur to know the day-to-day activities of employees, operations, sales and marketing, competition, customers, and suppliers. This can only be achieved by appreciating their necessary contribution to the ultimate success of the company. The owners and leaders of any company must know what is happening on the frontlines of production. It is their obligation to remain in contact with the people who manage these activities and assume the necessary role of negotiator, congratulator, instigator, and captain.

The contemporary leader must constantly monitor the operations that ultimately lead to customer approval. This can only be achieved by staying close to the action and truly understanding the day-to-day experiences of the production processes. Twenty-first century leaders must walk the floor, meet the suppliers, shake hands with employees, study

the competition, take the customer to lunch, and monitor the economy. These activities will keep them close to the action and ensure that they know what is happening with their businesses.

Keep Your House in Order

One of the most astounding mistakes of business leaders is poor housekeeping. Organization is the key to productivity and ultimately leads to quality services and products. The easiest leadership role is to keep every aspect of the business simple and in order. This includes all production processes, office administration, computer activities, financial reporting and records, and overall strategy.

Good housekeeping is a course of action that must come from the top. The entrepreneur that is serious about housekeeping is the entrepreneur that will be successful in the long run. It must become a priority for the leader and a statute of the company. If the entrepreneur or business leader believes that keeping the house in order is a priority, it will become a corporate mandate and will lead the business to definitive success.

If It Was Easy, Anybody Could Do It

One of my favorite comments made by clients and even employees is their reference to "difficult" customers. I always remind them that these same customers are difficult for our competition, and we can

take advantage of this by being the company that can deal with these intricacies. Inimitable business leaders want their customers to bring their challenges to ensure that they are the first to offer potential solutions and simultaneously reinforcing the customer relationship.

I remind our engineers and sales people alike, the more demanding the customer, the better off we are. There are only positive outcomes from these challenges including expanded sales, stronger relationships, enhanced trust, added reliability, and ultimately a superior dependency. If it was easy, anybody could do it.

Change Is a Two-minute Drill

—Not a Continuous Process

If something is worth changing, it is worth changing today. People will fill the time available to perform an assignment. A continuous improvement process is not really continuous and may not even lead to achieving any specific "bottom-line" goals. The well-rounded manager will identify areas for improvement or change and assess the time required to achieve the appropriate level of improvement required. This is similar to the quarterback of a football game assessing the appropriate plays for the last two minutes of the game. He will not go for a touchdown if only a field goal is required. Clock management is critical to ensure appropriately timed success. He will be sure that correct players are on the field and every player knows his role. He will allow

the entire team to celebrate the score and victory.

Managers and leaders should look at organizational change reminiscent of a two-minute drill in football. Everyone knows the score. The entire team is watching the clock. The outcome of the game is clearly defined. It is time for the leader to play quarterback.

Balance and Healthy Living

Business is what we love and entrepreneurs have the unique trait of carrying the weight of this business with them twenty-four hours each day. To ensure proper long-term success, managers and entrepreneurs must develop a balanced lifestyle. The aspects of eating, exercise, family life and faith must not take a backseat to these daily business pressures. Balancing these other important life behaviors with the daily and time consuming requirements of running a business will ensure that long-term business performance improves, while the indispensable goals of life are also achieved.

These are exciting times for entrepreneurs and business leaders and I would not choose any other role for myself. The successful entrepreneur of the twenty-first century will continue to learn, listen, struggle, and trust to ensure that the next twenty-five years make them the best leader they can possibly be. **MAJB**

About the Author

Timothy C. Stansfield has over twenty years of manufacturing and management consulting experience in over 1,200 different manufacturing plants and is currently the President of IET, Inc. IET, Inc. is a leading manufacturing and engineering consulting company with nearly one hundred full-time engineers and consultants on assignments world-wide

for clients such as General Motors, Ford Motors, Daimler-Chrysler Corporation, Leggett and Platt Corporation, NASA, Kraft Foods, and Halliburton Corporation, among over two hundred other corporations. He holds a B.S. in industrial engineering, an M.B.A. in management, a M.S. in History, and a Ph.D. in manufacturing management, all from the University of Toledo.

Dr. Stansfield has published articles in leading professional journals centered on manufacturing productivity, plant manager's effectiveness, goal-setting and feedback in manufacturing, and production launch success. He was named the Distinguished Alumnus for the College of Business, University of Toledo in 2004.