

Teaching The Big Boys To Think Small

By Tim Knox



Last week I told you about a recent report from The Conference Board that has a lot of big company CEOs concerned about competition from smaller, more innovative and entrepreneurially-minded companies. To refresh your memory, The Conference Board's CEO Challenge 2004 reported that 87% of the 540 global businesses surveyed cited innovation and enabling entrepreneurship as priorities for their companies, and 31% considered these issues of "greatest concern."

These CEOs understand that their big company status no longer guarantees that they will win contracts and retain market share based solely on their size and track record.

They understand that the greatest threat to their businesses is not coming from the boardrooms of their largest competitors, but from small companies born in garages, on kitchen tables, and in tiny, rented offices.

It's a fact that smaller companies, by need and design, are more innovative, more flexible, more decisive, and faster to move than their larger brethren who are entrenched in operational processes and corporate procedures. Small companies are typically not led by career executives for whom every decision must be predicated by hours of meetings and mounds of documentation. Most small companies are led by their founders; men and women who were cut from an entrepreneurial cloth that has yet to fade. It is when a company grows to the point that the founder steps aside to make way for professional managers that the company loses its innovative nature and entrepreneurial flair.

The good news for large companies is that they have definite advantages over small companies, especially when it comes to resources and funding. Turning a Goliath into a raging horde of David's is never easy, but it can be done *if* the company is willing to make changes to internal processes and attitudes, and commit the time, money, and personnel to make it happen.

Since size and number of years in business are no longer differentiators in the competitive marketplace what must large companies do to become more innovative and entrepreneurial? To begin they must do three things: shorten the process time, cut through the red tape, and promote innovative and entrepreneurial thinking from the top down. If the board, the CEO, executives, managers, supervisors, and employees are not dedicated 100% to making the changes necessary to transform the company, the effort will fail and the giant will lumber on.

Shorten The Process Time

At large companies everything is done by the book, i.e. by established processes and procedures. Very little gets done at large companies without what I call the "Multiples of M." Multiple Meetings to discuss the issue; Multiple Memos to reiterate

the issue; and Multiple Management approvals required to sign off on the issue. To become more innovative and entrepreneurial large companies must streamline the decision-making process down to a single set of M's: Move on or Make it happen.

Cut Through The Red Tape

Here's a true example from my corporate days that illustrates how procedures and red tape get in the way of efficient operations. A fluorescent bulb in my office blew, which made the other bulb in the fixture flicker like a strobe light at a discotheque (causing flashbacks that we won't discuss). I assumed getting a new bulb would be a simple matter of calling down to the facilities office and reporting the problem. My assumption was wrong. I was told that I would have to come to the facilities office, which was in another building 2 miles away, fill out a facilities request form, and take the form back to my immediate supervisor, who was required to stick his head in my office to confirm that the bulb was indeed out before signing the form. I assume this was to make sure that I was not trying to commandeer a fluorescent bulb under false pretenses.

Once my supervisor confirmed that I really did need a new bulb, he signed the form and I took it back to the facilities office, foolishly thinking that they would hand me a bulb that I could take back to my office. Oh no, that would have been too simple. I was told that once my form was approved by the facilities manager a maintenance worker would be dispatched to my office and would replace the bulb for me. Great, I said. When can I expect that to happen?

"I can have someone over there a week from Tuesday between noon and 5pm," the man at the facilities desk replied. I suddenly felt like I was dealing with the cable company. How many big company employees does it take to change a light bulb? I lost count at four.

Encourage Innovation and Entrepreneurial Thinking

Next, you must create an environment in which innovation and entrepreneurial thinking are encouraged and rewarded. If your employees feel that their opinions, thoughts and ideas don't matter, they will not submit them to you, but may take them elsewhere.

Again, based on my own experience, I can tell you that innovation, especially innovation that occurs below the management level, is often ignored, ridiculed, and in some cases, used as an excuse to give employees the boot. The perfect example of this was when I took an idea on how to improve an internal system to my manager and was told, "Knox, you think too much." Now this was a new one on me. I had been accused of thinking too little and of not thinking at all, but never had I been accused of thinking too much. I do recall my dad telling me when I was young, "Son, if you had a brain you'd be dangerous." I suppose my manager was simply trying to relay the same message. "Shut up and go to your room/cubicle like a good little boy/company drone before you get on my nerves and get spanked/fired." Within a few months I decided to take my overactive brain and put it to work for myself. After 10 years of business success, I think I made the right decision.

To promote innovation and entrepreneurship big companies must encourage everyone to think like innovators and entrepreneurs. Make it a company policy that such thinking is required, expected and rewarded. Pose these questions: (1) How can we improve our current products and services; (2) What new uses can you think of for current products or services; (3) What new products and services can you

think of that would be good additions to our current offerings or perhaps even launch a new line; (4) What new opportunities do you see in the market place that might be worth pursuing?

Get Outside Help

Most large companies find it difficult to develop and implement an innovation plan simply because they refuse to devote the time and resources to getting it done. And since most executives have never been entrepreneurs, they do not know how to encourage entrepreneurial thinking among their ranks. If your company needs help with innovation and entrepreneurship, bring in someone from the outside to direct and manage the effort for you.

You should never be embarrassed to ask for help, no matter how big you are.

Here's to your success!

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