

Redefining the entrepreneurial ethos for finance

A changing world requires a new understanding of what it means to be an entrepreneur.

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As automation takes over the traditional tasks of finance departments, and companies compete in an increasingly resource-scarce environment, businesses need creative, insightful problem-solvers willing to take decisive action to tackle the challenges of the coming decades. Situated in the heart of business, finance professionals will need to become more entrepreneurial, and more innovative within their professional roles, to address the demands of today's business environment.

There is a need for people to “learn how to function in a self-directed way and learn to create value and meaning in an ambiguous, rapidly changing environment”, said Gary Schoeniger, founder and CEO of the Ohio-based Entrepreneurial Learning Initiative. “You’re going to need to identify and solve problems in real-world situations when there is no one there to tell you what to do.”

Most of us are habituated to working within prescribed systems that have historically discouraged independence and speed, according to Schoeniger. Compounding the issue, for employees, popular misconceptions make becoming an entrepreneur seem like an impossibly tall order.

Quite often, people think of the likes of Mark Zuckerberg or Jeff Bezos when talking about entrepreneurialism, and becoming a tech magnate is clearly not everyone's goal.

However, it is misguided to think of all entrepreneurs as rule-breaking mavericks out to make billions, according to Rita McGrath, professor of management at Columbia Business School in New York and co-author of *The Entrepreneurial Mindset: Strategies for Continuously Creating Opportunity in an Age of Uncertainty*.

She says that thinking about entrepreneurialism as solely about business creation often stops conversations before they start. Rather, it is more an approach than an outcome, according to McGrath.

“The entrepreneurial mindset is always looking for opportunity,” she said. “It’s about having a curiosity to find out what’s going on and the alertness to act on that.”

So how does one become more entrepreneurial within a defined role? The first step is to change how we define the entrepreneurial mindset and temper stereotypes.

Set expectations

Setting clear expectations and definitions regarding how employees should act in a more entrepreneurial manner goes a long way in encouraging people to change, according to Paul Coyle, director of the UK-based Entrepreneurial Mindset Network.

“The right place to start is to get conversations going about what would being entrepreneurial look like, how would that help us with things we’re working on at the moment, and how would it help us in terms of our long-term financial stability?” said Coyle. Let employees know that when you say “entrepreneurial”, you’re looking to them to take ownership of business challenges and solutions, not the next billion-dollar idea.

While it is easy to fall into overly complicated buzzwords and trendy theories, Coyle recommends being simple and clear.

“My definition of entrepreneurial is you take responsibility for something and you make it happen,” he said.

Redefine risk

One of the more inhibitive stereotypes about entrepreneurship is that it requires a reckless “move fast and break things” attitude towards risk, according to McGrath. That belief prevents finance professionals from acting independently. To encourage entrepreneurial thinking, companies need to redefine risk.

“The first assumption that people make is that innovation is inherently risky,” she said. “The way I would reframe it is to ask, is it costly? Is it damaging to brand?” If the answer is no, then employees should be encouraged to act, she said.

Managers should limit decisions that could be risky to the entire company — spending all the cash reserves on a party to boost employee morale, for example — but be flexible with decisions that have less impact on the bottom line. Allowing entrepreneurial employees to change the internal workflow is a good example of a risk that customers might not see but that could produce cost or time savings, according to McGrath.

“There’s no process that’s perfect, and there’s no process that lasts indefinitely,” she said.

A more effective way to think about the “risk-loving” entrepreneur stereotype, especially in risk-averse finance departments, may be to see it as an experimental mentality.

“When we look at what entrepreneurs are actually doing in the real world, they’re micro experimenters. They’re not gamblers. They behave more like scientists conducting small experiments,” Schoeniger said.

Prepare for the long haul

If finance professionals are at the forefront of a changing business climate that requires a new way of thinking and behaving, then now is the time to start fostering a workplace environment that encourages entrepreneurialism.

Changing the ethos and practices within a company will take a significant investment of energy, enthusiasm, and time. Be prepared for it to become a permanent feature of the workplace instead of a one-time seminar.

It is an investment that must be made, according to McGrath.

“You lose opportunities by not having this sort of innovation-leaning mindset in whatever space you happen to be working in,” she said.