Entrepreneurship, Team Building and Conflict Resolution

Learning Outcomes

On completion of this chapter, the reader will:

- appreciate the importance of building teams and team working to successful entrepreneurial management
- understand how teams are developed and the different roles people perform in teams
- recognize how teams are managed and the importance of self-management
- be aware of the way conflict can be managed in order to benefit the organization
- have begun to appreciate his/her own, preferred team working role(s) and conflict management style.

Introduction

Traditionally it has been held that the entrepreneur is not a good manager and that a manager is not an entrepreneur. Indeed, Galbraith (1971) has suggested that the great entrepreneur can be compared in life to the male *apis mellifera*. He accomplishes the act of conception, at the expense of his own extinction. As will be shown in Chapter 11, this is, indeed, often the case, but increasingly there is evidence to suggest that successful entrepreneurial ventures are headed by entrepreneurs who are also effective managers. Unlike the traditional manager, though, who focuses largely on administrative efficiency, it would seem that the effective entrepreneurial manager needs to possess skills in building an entrepreneurial culture.

Entrepreneurial influencing skills

As has been shown already, the effective entrepreneurial manager needs to be able to:

- recognize and cope with innovation
- take risks
- respond quickly
- cope with 'failure' (absorb setbacks)
- find chaos and uncertainty challenging and stimulating.

Additionally, he/she must be able to:

- build motivated and committed teams
- use consensus to manage conflict.

To do this, entrepreneurs need good interpersonal/team working skills that involve the ability to:

- create a climate and spirit conducive to high performance, including rewarding work well done and encouraging creativity, innovation, initiative and calculated risk-taking
- understand the relationships among tasks, and between the leader and followers
- lead in those situations where it is appropriate, including a willingness to manage actively, to supervise and to control the actions of others.

These interpersonal skills are normally termed 'entrepreneurial influencing skills' since they have to do with the way entrepreneurial managers exert influence over others. They include: leadership/vision/influence; helping, coaching and resolving conflict; and teamwork and people management. We will now look at each of these in turn.

Leadership/vision/influence

Entrepreneurial managers are skilful at:

- clarifying confusion, ambiguity and uncertainty
- gaining agreement.

They do this, as was seen in Chapter 7, in a way that builds motivation and commitment, not just to parochial interests but to cross-departmental and corporate goals. In the process they demonstrate a willingness to relinquish their personal priorities and power in the interest of an overall goal. They also posses an ability to ensure that the appropriate people are included in setting cross-functional or cross-departmental goals, and in decision-making. For some more traditional managers, used to dealing with subordinates, collaborating with peers and superiors might be an uncomfortable, disturbing or confusing experience. When things do not go smoothly, the most effective entrepreneurial managers work them through to agreement.

Helping, coaching and resolving conflict

The most effective entrepreneurial managers are creative and skilful in handling conflicts, generating consensus decisions and sharing their power and information. They:

- are able to get people to open up and share their views
- get problems aired and identified
- acknowledge, without being defensive, the views of others
- are aware that high-quality decisions require information flowing in all directions
- are comfortable with knowledge, competence, logic and evidence prevailing over official status or formal rank
- are able to get potential adversaries to be creative and to collaborate by reconciling viewpoints
- are constantly blending views, often risking their own vulnerability in the process by giving up their own power and resources.

In the short term, the benefits of such an approach are often difficult to identify, and it appears a painful way to manage. Longer term, however, the gains from the motivation, commitment and teamwork can be considerable, especially when grounded in consensus.

Teamwork and people management

Entrepreneurial managers build confidence by encouraging creativity, innovation and calculated risk-taking, rather than by criticizing and punishing. They encourage independent thinking by expecting and encouraging others to find and correct their own errors and to solve their own problems. This does not mean they are abandoning their colleagues to their own devices. Rather, they are perceived by their peers and other managers as:

- accessible and willing to help when needed
- facilitators, providing the resources that enable others to do their jobs more effectively
- champions who defend their peers and subordinates, even when they know they cannot always win.
- hero-makers, ensuring that others receive the credit for their efforts, rather than accepting it themselves.

Through such actions, they have the capacity to generate trust. They reinforce this by being:

- straightforward—doing what they say they are going to do
- open and spontaneous
- honest and direct
- creative problem-solvers
- people developers.

Having looked at motivation and leadership in Chapter 7, attention in this chapter is focused on the entrepreneurial management competences of:

● building teams and team working

● managing conflict, resolving differences and developing consensus.

As seen in Fig. 7.1, this is Quinn's human relations model (the 'competing values framework'), particularly the role of his facilitator, who, he suggests, 'is expected to foster collective effort, build cohesion and teamwork and manage interpersonal conflict' (Quinn, 1990: 17).

PAUSE FOR THOUGHT ▬▬▬▬▬▬

Think of any team of which you have been a member. How did it function? Was it successful? Why did it succeed or fail? If it succeeded, was it successful from the outset?

Entrepreneurial team working

Traditionally the entrepreneur has been thought of as an individual who works alone to achieve his/her objectives, managing in a somewhat autocratic manner. Increasingly it is being realized that this is not the case, that the successful entrepreneur is not an autocratic leader but someone who can work with and through others to achieve his/her objectives. He/she is a team worker. According to Belbin (1981), effective team working requires that the team members fulfil various roles. These, he suggests, are as follows.

● Chairperson: the team's co-ordinator. He/she works primarily through others. The chair is mature, confident and trusting, with good interpersonal skills. He/she has a calming influence on the team, is able to clarify the team's goals and promotes decision-making. He/she can appear to be manipulative, however, and is not always the leader. Sets objectives and priorities for the team and co-ordinates effort. Is disciplined and dominant but not domineering. Easy communicator who can provide effective summaries when needed, and the casting vote.

● Plant: the ideas person, the team's chief source of new ideas. Such people are creative, imaginative and frequently unorthodox. Sometimes their ideas may seem impractical and they may seem distant and uncommunicative. They are usually dominant, introverted and creative, normally with a high intelligence quotient (IQ). Can be prickly and not good at accepting criticism. May withdraw if their ideas are not accepted and may need to be coaxed.

● Shaper: the person who stimulates the others to action. He/she is normally the self-elected task leader. Shapers are normally extrovert, dynamic, outgoing and argumentative with lots of nervous energy. They are outgoing and emotional, impulsive and impatient, and intolerant of 'woolliness'. They constantly seek ways around problems, they thrive under pressure and get things done. However, they are often bullies who are not liked.

● Monitor-evaluator: the person who assesses ideas. He/she explores all the options and is capable of thoroughly analysing large amounts of data. His/her judgements are good and rarely do they make the wrong decisions. Usually

monitor-evaluators are introverted, serious, strategic and discerning, often lacking drive. They are unlikely to inspire their colleagues and can have a negative effect on group morale. However, they are the most likely member of the team to stop it committing itself to a misguided project.

- Resource investigator: the team's 'fixer'. He/she has a wealth of contacts and is always busy, often exploring new opportunities or/and 'picking other people's brains'. They are usually positive, enthusiastic, extrovert and amiable, but can be undisciplined and can lose interest quickly. Hence they need pressure to keep to task.

- Team worker: holds the team together. This is the team's counsellor, the person who reconciles differences. They promote harmony especially at times of crisis. Usually they are mild-mannered and sensitive, which makes them aware of problems and difficulties within the team. They are good communicators who are popular and unassertive. They do not like confrontation and tend to counter-balance the frictions created by the shaper and the plant. While they are perceptive, they can, however, be indecisive.

- Company worker: the implementer—turns ideas into manageable tasks. Practical, gets on with the job and organizes his/her work logically and orderly. They are disciplined, reliable, loyal and conservative, but can be inflexible and slow to change. Recognized by their colleagues as being sincere and trustworthy.

- Completer-finisher: makes sure things get done. They have an eye for detail and a concern for deadlines and timetables. Hence they pick up on omissions and errors and have relentless 'follow-through'. Sometimes they simply cannot let up and often have difficulty delegating. They worry about what might go wrong and are always prepared to take personal responsibility. While not being assertive, they maintain a sense of urgency and are intolerant of the more casual members of the team. Can lose sight of the overall objectives of the team.

- Specialist: the team's technical expert. They are usually single-minded self-starters. While they are dedicated (to their specialism and the team), they are narrowly focused and tend not to make a broad contribution.

Clearly, for tasks to be progressed, all of these roles are needed. Hence the successful entrepreneur, whilst frequently possessing many of the qualities him/herself, frequently joins in partnership with others to ensure that the idea/concept is brought to fruition.

A classic example of this is the Consett-based Derwent Valley Foods, which was founded in 1982 by two friends. One was a former marketing director of Tudor Crisps, while the other had worked in international advertising. Together they decided on manufacturing and distributing corn-based snacks from around the world, which they sold under the brand name of Phileas Fogg, after the Jules Verne character in *Around the World in Eighty Days*. Shortly after founding the business they were joined by two other experienced managers with backgrounds in the food industry, and together they secured the requisite financial backing and distribution agreements for them to go into production. The workforce, the vast majority of whom had previously been unemployed, were keen for them to succeed and with their innovative new products they quickly gave them a 33 per

cent share. In 1993 the business was bought by United Biscuits for £24 million. The initial founder has been described as 'disorganized but determined, erratic and single-minded . . . able to organize and inspire a team' (shaper, team worker). He has described himself as an ideas generator who can get people to be creative and, while being disorganized, is not a bad delegator (plant, chairperson). His founding partner was 'a questioner and deep thinker' (monitor-evaluator). The other two members of the team were 'a pusher who gets things done' (completer-finisher, shaper) and a 'creative overcomer' (company worker).

However, according to Wickens (1999: 125), real team working has little to do with structures and roles. Rather it is about working together to achieve shared goals. As he points out that this 'does not mean seeking the lowest common denominator solution on which everyone can agree', nor does it mean that everyone's pet solution is incorporated into the final outcome. Rather, it means challenging each others' ideas and finding the best solutions. Hence effective teams are not comfortable places. Some members will be disappointed when their ideas are not accepted but if they are committed members of the team they will recognize the better idea and will work equally vigorously to make it a success. He quotes from Thomas's (1992) study of lions, which concludes:

The pride has evolved as a potent example of teamwork for maximum effect. Their combined co-operative effort working towards a common objective leads to a winning team situation where both the pride and the individual thrive. The lesson from lions to business is—teams are successful because:

- Each individual member is powerful
- The total focus is on clear-cut goals
- Team members are alert to communication
- Incentives motivate and reward success
- Spirit consists of trust, confidence, respect and pride
- The structure is flat
- Strict selection ensures there are no passengers
- Training is intense
- Image enhances function
- Synergy—the pride is more powerful than the strength of its individuals.

The unremitting application of these ten power points puts the pride in a win-win situation: the pride and its members thrive.

Wickens (1999: 127) then goes on, himself, to add a further nine points based on his observations of a mother cheetah and her son hunting impala in Zimbabwe. He suggests that real team working requires:

- tremendous energy combined with patience
- clear leadership
- intense relationships
- total trust
- intuitive understanding between members
- rules of behaviour that are understood by the members

- learning from failure
- goals that are time-bounded.
- keeping on going until the goals are achieved.

Exercise 8.1

Identify your preferred team working role(s) by completing Belbin's 'Self-Perception Inventory' either in his book (1981; full details may be found in the Reading section towards the end of this chapter) or online at **http://team-belbin.com**.

A CASE EXAMPLE

Nelli Eichner: Interlingua

Nelli Eichner is the founder of Interlingua, the international technical translation service. She was born in what is now the Czech Republic, where her interest in languages was developed listening to the stories of the Russian and Italian prisoners of war. At the age of four she then translated them for her younger sister. In Vienna, where she went to School, she learned German, French and English, and on leaving school she worked in Rome and Paris.

When World War II broke out in 1939, she came to England acting as a translator for the Czech Army. Following her marriage to her husband Fred, a chemist, she embarked on raising a family. As money was tight, she used her linguistic capability to supplement their income, including translating a book her husband was writing. When the second of their children, Mike, fell ill with polio, the Eichners moved from their home in North London to a dilapidated house in rural Sussex. Fred continued as a consultant chemist but all of their money and spare time was spent renovating their home. They also raised and sold poultry and goats in order to help supplement their income. However, the translation side of their activities was increasing and they engaged a small network of local university-trained women to assist. They ensured that every translation was checked before being sent out.

As the business grew, their children became involved. They collected and delivered jobs, folded leaflets, answered the telephone, etc. When they won a contract with the British government to translate all the specifications for the Concorde aeroplane project into French, they decided to create Interlingua as a registered partnership. Shortly after,

they scraped together £50 as a down-payment for a fax machine. The children all learned how to use it and they began to offer instant translations by Telex. Satisfied clients began to tell others, who tried out the new service. The newspapers heard about it and enquiries came pouring in. Within months Interlingua was an international company with some of the world's largest companies as its clients. They translated books, film scripts, communications between heads of state and even the Bible, using a network of translators.

When commissioned to translate into Eskimo, they had to purchase a printer as no English printer could print the work. This enabled them, with suitably recruited staff, to print in any language. When the then Shah of Persia (now Iran) commissioned them to translate the orders and menus for a function involving royalty, several thousand heads of state and international celebrities, they set up a dedicated Persian department, complete with in-house translators, typists, printing units, etc. Their eldest daughter, Jona, took responsibility for this, while one of their sons-in-law took responsibility for the establishment of a Russian section.

Then came the Japanese. As Japan became an force in international business, Nelli and her husband left the children to run their business and went to Tokyo to recruit a translator who not only helped them build a successful Japanese department but married the company's Italian translator. After Japan, they added an Arabic department, run by Jona, and a Chinese department. Eventually, with computers helping to make translation faster and better, Nelli and Fred were able to hand the busi-

ness over to their children—their son Mike taking over as managing director. They had created a multi-national company based on the concept of 'one family, one group of people who pulled together for the common good'.

Case example exercise

Interlingua is a classic example of a successful family business. Using the analogy of a family, do as Thomas and Wickens have done and develop a set of characteristics of a successful team. Compare them with those derived by Thomas and Wickens from the study of lions and cheetahs. What common characteristics did you identify? What differences were there? How might your analysis help us better understand (a) the success of family firms such as Interlingua and (b) team performance?

Team building

Effective teams tend not to occur naturally, they have to be worked at, and team building is the process of enhancing the effectiveness of teams. According to Tuckman (1965), groups pass through the following stages in the process of becoming an effective team.

1. Forming: at this stage the members focus on the way the group will behave in order to enable it to meet its objectives with the resources available. They look to their leader or a powerful figure for guidance.

2. Storming: the group begins to fragment. Often at this stage there are interpersonal difficulties, differences of opinion over what the job entails and/or resistance to the control exercised by the group leader. Members stress their own needs and concerns, and resist the influence of the group.

3. Norming: group cohension develops. The group members exchange views and feelings freely, and there is an emphasis on harmony and mutual support. There is a conscious effort to avoid conflict situations, and new roles and ways of working emerge.

4. Performing: the group has developed a way of working and solutions to problems are emerging. Interpersonal problems have been resolved and the group's energy is channelled into the task.

5. Adjourning: the group is wound down.

Clearly, it can take a long time for this process to work through, and for teams to mature into efficient and effective units. Hence, the entrepreneur needs to be patient and to manage the process. In Stage 1, he/she needs to resolve the group's insecurities by assuming authority, and providing leadership and direction, concentrating on the task, its purpose and its content. In Stage 2, however, he/she needs to move away from this directive approach and to concentrate more on developing the team, making it clear why members have been included, their strengths and the roles they are to play in the team. However, teams often tend to remain in Stage 2, usually because:

- the members are allowed or, indeed, encouraged to compete with each other
- there is a mismatch between the roles the members are being required to play and their preferred styles of working
- the principles behind the task are not accepted by the members
- members do not accept the team values

- the decision-making style remains authoritarian
- the task is not clear.

In all probability, the entrepreneur may have to recognize that some individuals are not suited to the team and may need to be replaced if the team is to move to Stage 3. By this stage the role of the entrepreneur should be more that of trainer, coach or counsellor. The group will have begun to gel and the entrepreneur's role is to consult with the team to ensure that the requisite support is available to ensure that it functions effectively, thereby enabling it to progress to the mature stage. This may not occur, however, if:

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- the group is allowed to modify the task
- the team's processes are not monitored
- the team members get along too well (there is no shaper or plant)
- consensus has become the way decisions are reached
- team membership is static.

Assuming that it does, the entrepreneur's job is to continue to support the team, ensuring that the external culture of the organization recognizes its importance and is supportive of it. Provided that this is in place, and the team's task and membership have evolved together, there is no reason why the team cannot survive indefinitely. There are circumstances, however, when this is not the case and the team is dismembered. Under such circumstances, the role of the entrepreneur is to recognize the importance of the 'grieving process' and support the individual team members through it.

Not all team-building exercises are successful by any means, and Hackman (1994) identifies five common mistakes in building effective teams. These are:

1. treating the unit as a team but still dealing with the members on an individual basis
2. failing to strike the right balance between authority and democracy
3. leaving organizational structures unchanged and failing to create an enabling structure
4. leaving the teams unsupported
5. assuming that individuals are eager to work in teams and have the experience and skills to do so.

If teams are to be effective, these issues need to be addressed, and he suggests that the entrepreneur needs to:

- think clearly and spell out the tasks to be performed, the composition of the team and the appropriate group norms
- specify the ends but not the means to the ends
- issue clear instructions and directions
- recognize the importance of intrinsic motivation (see Chapter 5)
- create a supportive organizational context
- provide training and expert coaching, not least in the development of team-working skills.

This cannot be over-emphasized. It is not a case of leaving teams to get on with their task. They need to be supported, encouraged and monitored so that remedial action can be taken if they begin to falter. While Tuckman's model suggests an onward progression in the evolution of teams, it is possible for them to regress to an earlier stage. Hence, it is the role of the entrepreneurial manager to monitor their performance, ensuring that regression does not occur and that the team continues to function effectively, meeting its objectives and goals. As mentioned already (Chapter 7), it is also the role of the entrepreneur to coach his/her team and, in this context, Orth *et al*. (1987) have suggested that the entrepreneurial manager interested in the effectiveness of his/her team needs to:

- be continuously on the lookout for means to exploit the capabilities of team members with a view to improving their performance
- create a supportive climate in order to encourage the improvement of performance by offering advice and guidance, removing obstacles to improved performance and by helping identify the causes of any under-achievement.
- encourage members to change their behaviour in order to continually improve
- model the qualities he/she would like the team members to embrace (e.g. enthusiasm, commitment, openness, sensitivity, efficiency, etc.) and demonstrate them.

Clearly this requires a close and effective working relationship between the entrepreneur and his/her team not, as is frequently assumed, a 'hands-off', distant and detached relationship. However, the entrepreneur must avoid the temptation to do the work of the team or to meddle in its affairs, telling the members how they should conduct their business. Most importantly he/she should avoid 'reverse delegation' (i.e. re-asserting control over a task that has previously been delegated). When support is required, it should be given, but ownership of the solution should remain with the team. It is a fine balance, requiring considerable skill.

Building and empowering the entrepreneurial team

As was shown in Chapter 2, many new small ventures either fail or do not grow. Though the reasons for this remain unclear, Timmons (1999: 278) has suggested that, 'The capacity of the lead entrepreneur to craft a vision, and then to lead, inspire, persuade and cajole key people to sign up for and deliver the dream makes an enormous difference between success and failure . . . '. This is most certainly the case and it is the role of the lead entrepreneur to bring this about. According to Peters (1987), to do this, the entrepreneur needs to:

- involve all personnel at all levels in all functions,
- ensure there are no limits on their ability to contribute.
- engage staff who are:
  - committed
  - properly selected
  - well trained

– appropriately supported.

– organized into self-managed teams.

This latter point is important. Not only has the concept of self-management gathered strength in recent years (Orsburn *et al.*, 1990) but it is seen as an important means of empowerment. Essentially self-managed teams (sometimes termed semi-autonomous work groups) take responsibility for their own activities. According to Gordon (1992), these include setting work schedules, dealing with external customers, setting performance targets, training, purchasing equipment or services, dealing with suppliers, preparing budgets, and hiring and firing team members. While any type of team can be 'self-managed' in this way, the research of Cohen and Bailey (1997) suggests that self-management is most appropriate for teams that perform the same type of operational task repeatedly, have a relatively stable membership over time and are composed of members with similar functional backgrounds. Essentially, these are what are known as functional teams. As the name implies they are made up of members with the same or a similar function within a business. Characteristically, this is the way work is organized in large firms. Increasingly, however, such organizations are tending to develop what are known as cross-functional teams. These are composed of representatives of each of the functional sub-units of a business and may even include members from outside the business, such as customers, suppliers, partners, etc.

The whole purpose of such teams is to improve the co-ordination of activities among the firm's specialist sub-units, but also to increase the firm's capacity for creativity, by bringing together people from different backgrounds with different perspectives and viewpoints to consider solutions to a particular problem or problems. Often such teams are temporary in the large organization, but in the small firm they are, inevitably, permanent. While they have numerous advantages, as indicated, they are not easy to lead or manage. While functional diversity increases creativity, it can also create tensions within the firm. Not only does each function have its own language and way of thinking, but team members often have different objectives, time horizons and priorities. Under such circumstances, decision-making can be difficult and time-consuming, especially if the loyalty of the members is to their functional unit rather than to the team. Not surprisingly in such circumstances, Barry (1991) has discovered that most successful cross-functional teams tend to be 'managed' by a designated leader that helps the team:

● envision its shared objective

● decide how it is going to attain it

● maintain its internal cohesion

● ensure its activities are compatible with the needs of the stakeholders outside of the team.

Often, however, the difficulties and obstacles facing cross-functional teams are so great that the official leader may be unable to carry out all of the relevant leadership roles, and other team members may be required to share them. Also, no matter how effective the team may be, its successful functioning requires that the entrepreneur provide a clear mission, necessary resources and political support (Cohen and Bailey, 1997).

However, whether uni- or cross-functional, teams that are self-managed are believed to possess a number of advantages over those managed by a team leader that is imposed on them and/or is part of the senior management. Among these are greater commitment, improved quality, improved efficiency, greater job satisfaction, greater flexibility, and lower labour turnover and absenteeism. Additionally, fewer managers are required, thereby reducing costs. In reality, there is little reliable empirical evidence either to refute or support the theoretical advantages of self-management. Much of the research is based on weak research methods and/or anecdotal reports, and the results of the little reliable research that has been conducted are inconsistent and do not substantiate the substantial performance improvements that have been claimed. What is known is that self-managed teams are difficult to implement, and require competent leadership and support if they are to stand any chance of success. Invariably this takes the form of leadership internal and external to the team. Typically the internal team leader is responsible for co-ordinating the activities of the team. Sometimes he/she is appointed by the organization. More often the internal leader is elected from amongst the team members and it is here that a difficulty can arise. In a dysfunctional team, the elected leader may not be the person who is going to lead the group forward but the person who is going to cause the least disruption. Whatever, whether the internal leader is appointed or selected, the whole concept of self-management means that the leader does not simply replace the former team manager. Rather, the responsibilities are shared by the members of the team and the team takes collective responsibility for its actions. Members have to understand and accept this role.

Often it is believed that self-managed teams have no need for an external leader or, if there is a need, it is only present when the team is forming. Once the team has been established, the requisite leadership functions will be carried out by the team members, making an external leader redundant. However, the external leader is vitally important to the success of most self-managed teams. Typically the external leader serves as a coach, facilitator and consultant to the team. At the outset, he/she will play an important role in helping the team members learn the requisite skills to plan and organize the work and acquire the very necessary interpersonal skills to function effectively as team members. During this period, an important function of the external leader is to develop the self-confidence of the team members. Once the group is established, the role of the external leader may change but throughout he/she is responsible for:

- setting the direction for the team by communicating objectives and priorities, and articulating a vision of what might be achieved
- communicating clear expectations about the new responsibility of team members for regulating their own behaviour
- championing the group and helping it obtain the necessary resources and political support to enable it to function effectively.

Certainly there is no way that the external leader can, or should, abrogate his/her responsibility to the team. This is a very essential and ongoing role if the team is not to feel abandoned and lost. However, as with the internal leader, the external leader must not take on the role of the former first-line manager, whose role

Table 8.1: First-line managers versus team leaders

Old Responsibilities	New responsibilities
10 people reporting to him/her	50+ direct reports
Work scheduler	Coach, sounding board
	Leader/co-ordinator
	Skill developer/enhancer
Rule enforcer	Facilitator
Lots of planning	Lots of wandering
Focused up and down the structure	Focused across the structure
Transmitting management needs down	Selling team needs/ideas up
Providing new ideas for staff	Helping colleagues develop ideas

should disappear if the team is functioning effectively. Indeed, the role of the external manager *vis-à-vis* the first-line manager can be summarized as in Table 8.1.

The research on self-managed teams (Cohen and Bailey, 1997; Kirkman and Rosen, 1999) suggests that their potential advantages are more likely to be realized when certain conditions are fulfilled. These include the following.

- **The objectives must be clearly defined.** The team needs to know what is required of it, otherwise it will set its own objectives, which could be at variance with those of the organization.

- **The task must be complex and meaningful.** The task must be challenging requiring a range of skills and knowledge to ensure its completion.

- **The team should be small and stable.** There is no optimum team size, although it is generally accepted that teams of between 8 and 15 people are best, as below or above these figures they lose their internal dynamic. Ideally membership should be stable and the members should be located in the same place as both stability and proximity aid team identification and cohesion.

- **The team should have authority and discretion**—the authority to carry out the task and the discretion to decide how it is going to organize itself in order to do it. There should be no external interference or 'meddling'.

- **Access to information.** The success of the team will depend, at least in part, on the information it has at its disposal. It may need access to sensitive or confidential information if it is to do its job properly.

- **Appropriate recognition and rewards.** The team should be rewarded for its contribution, with the members determining how the rewards should be distributed.

- **Strong support by senior management.** This may include the delegation of authority, the allocation of resources, the creation of a compatible organizational culture, etc., as well as political support.

- **Adequate interpersonal skills.** Members must be effective team workers. They should be able to listen, to communicate effectively, and to resolve conflicts, as well as being able to use group decision-making techniques and influencing skills.

When you have been a member of a team, whether at work or outside, have you always agreed with your fellow team members about what should be done? If not, what did you do about it and how did you resolve any disagreements?

Managing conflict

According to Timmons (1999: 222), entrepreneurs are:

. . . adept at conflict resolution. They know when to use logic and when to persuade, when to make a concession, and when to exact one. To run a successful venture, an entrepreneur learns to get along with different constituencies, often with conflicting aims . . . Success comes when the entrepreneur is a mediator, a negotiator, rather than a dictator.

Clearly any organization that is made up of different people from different backgrounds with different views on how the business should be run is likely to encounter conflict, irrespective of whether it is a new small venture or a large established organization, When such people are brought together, deliberately, it is inevitable that differences of opinion will occur, and the entrepreneur has to be good at managing the conflict that can ensue. Traditionally conflict has been seen as a negative force within organizations and the perceived wisdom has been that, if present, it needs to be eliminated. However, there is a more recent view that conflict is inevitable, given the differences in personalities, needs, goals and values, and that rather than being eliminated, it needs to be managed for the benefit of the organization. As mentioned already, the conflicting views of individuals can be a source of new ideas and, if managed effectively, conflict can be a positive force, within the business, for innovation and change. Therefore, conflict needs to be managed in a way that increases the likelihood that positive outcomes will emerge. Entrepreneurs do this, as Timmons has recognized, but the skill can be acquired.

Regardless of the cause of the conflict, it is generally accepted that there is a set sequence of stages or events. Initially the conflict is latent. Neither party recognizes it but the circumstances have created the potential for individual or group conflict. Once the potential conflict situation has been perceived, the second stage has been reached. This is marked by one or more of the parties reacting emotionally to the situation, usually by being angry, hostile, frustrated, anxious or in pain. In the third stage, the conflict becomes overt. Individuals act either to escalate or resolve the conflict. Actions intended to escalate the conflict might include, for example, aggressive behaviour, purposefully frustrating the achievement of goals, attempting to get others to take sides, etc. In contrast, behaviour intended to resolve the conflict might include encouraging both parties to discuss their differences and identify a solution that would allow their needs and concerns to be heard and met. Clearly actions taken in this stage affect the outcomes of the fourth stage, which is the outcome or aftermath. These can be functional or dysfunctional. Functional outcomes include:

- a better understanding of the issues underlying the conflict
- improved quality of decisions

- increased attention to the use of creativity and innovation in solving and resolving future problems
- a positive approach to self-evaluation.

In contrast, dysfunctional outcomes include:

- continued anger and hostility
- reduced communication
- the destruction of team spirit
- the loss of morale
- mistrust
- further conflicts.

From the above it is clearly essential that conflict is managed effectively and to this end there are basically three strategies that can be adopted: non-confrontational strategies, control strategies and solution-oriented strategies.

- **Non-confrontational strategies:** these include both avoidance and accommodation. Avoidance means that conflict is recognized but neither party is prepared to confront the issues. This approach is often useful as a 'cooling off' strategy but long term it is unsatisfactory as the conflict is likely to simmer and, possibly, erupt at a later date. Also, avoidance often means failing to face up to what are frequently important organizational issues. In contrast, accommodation means that individuals abandon their own goals and work only to satisfy the other party's concerns. While preserving harmony in the short term, this is unlikely to be a long-term solution as individuals are rarely prepared to sacrifice their own personal needs and goals simply to maintain the relationship. Also, such accommodating approaches limit creativity, preventing the exploration of new ideas and solutions to the problem.

- **Control strategies:** these are essentially competing approaches, whereby the parties work only to achieve their own goals. Often these approaches result in dysfunctional outcomes as they result in a win-lose situation. However, they can be beneficial when quick, decisive action is needed or certain drastic actions must be taken for the benefit of the organization. Like accommodation, though, they generally limit creativity and the exploration of new ideas and solutions.

- **Solution-oriented strategies:** these embrace two approaches, namely compromise and collaboration. Compromise usually involves negotiation between the two parties with each giving up something in order to gain something else. The basic assumption of successful negotiation is that neither side will end up the loser, which is a major disadvantage of this approach as neither party ends up a winner either. Both tend to remember what they had to give up in order to gain what they wanted. In contrast, collaboration assumes that by addressing the problem creatively, a solution can be generated that will result in everyone being a winner. Clearly, if they can be achieved, such solutions can be extremely powerful but, they are time-consuming and they may not work.

While there are circumstances where the non-confrontational and control strategies might be appropriate, as discussed, it is generally accepted that a solution-

oriented strategy leads to the best result, and that collaborative approaches are most frequently associated with positive outcomes. Clearly important by-products of the collaborative approach are the new ideas and creative solutions that can be generated in the process. However, negotiating such solutions requires skill and it is generally accepted that there is a set of procedures which, if followed, can aid the process. The first stage in the process is for both parties to recognize and acknowledge the conflict. They must be prepared to meet and talk about it, explaining their feelings, and they must be prepared to put aside any anger or hostility. Clearly this is not easy and the negotiator needs to consider beforehand how this situation will be handled. Throughout the process, however, it is the problem, not the person that is being confronted.

When the meeting takes place, it should be non-threatening and, preferably, in a neutral environment. Feelings, as well as the source of the conflict, should be explored and the participants should express their views clearly and in a non-threatening manner. They should be prepared to listen and reflect on what they have heard. Once both parties have expressed their views on the conflict, they should agree a mutual definition of the conflict in terms of their needs. This is important as it must be clear that both parties share a common definition of the problem before moving on to the next stage, which is applying brainstorming techniques to identify solutions that will address the needs of both parties. After both parties have listed all of the possible solutions, they should identify their preferred solutions and why these best meet their needs. The two parties should then see if any of the preferred solutions coincide and, if not, what compromises are needed to allow them to come to a solution that is mutually acceptable.

Once the solution has been identified, it is necessary to implement it. This requires an action or implementation plan that indicates what needs to be done, by whom and by when. At this stage, also, it is advisable to consider some sort of evaluation procedure that reviews the success of the solution and the learning that has occurred as a result of the exercise, focusing, in particular, on how the parties will avoid such situations arising in the future.

Exercise 8.2

To determine your conflict management style, complete the questionnaire you will find in Appendix 8.1 (at the end of this chapter). This can also be accessed at:

- www.careerbuilder.com/wl_ga_0012_conflictmanagement.html.
- Other similar tests can be found at www.queendom.com/tests/conflict.html or
- http://webhome.idirect.com/~kenhamilt/ipsyconstyle.html.

Try them out and see whether they give you the same results.

Chapter Review

➡ Entrepreneurial managers need to be able to:
  – recognize and cope with innovation
  – take risks
  – respond quickly
  – cope with 'failure'
  – find chaos and uncertainty challenging
  – build motivated and committed teams
  – use consensus to manage conflict.
➡ They need to posses such influencing skills as:
  – leadership and vision
  – helping, coaching and resolving problems
  – teamwork and people management.
➡ Effective teams are made up of 'individuals' (often from different backgrounds and with different experiences) performing different roles or functions. They are not developed immediately but go through a number of phases.
➡ The varied composition of teams almost inevitably results in conflict, especially in the early stages of team development.
➡ Conflict can be a positive source of creativity and new ideas, and the entrepreneurial manager needs to harness this for the benefit of the organization.
➡ To do this he/she should aim to adopt a solution-oriented strategy that reaches collaborative rather than compromise agreements.

Quick Revision

(Answers at the end of this section)

1. Within a team, the chairperson stimulates others to action. Is this:
   (a) true
   (b) false?

2. Which of the following is not one of the stages in team formation (i.e. which is the odd one out)?
   (a) forming
   (b) storming
   (c) norming
   (d) bonding
   (e) performing
   (f) adjourning

3. Self-management is probably most successful when teams are:
   (a) uni-functional
   (b) cross-functional?

4. Conflict can be good for an organization as it can stimulate creativity and new ideas. Is this:
   (a) true
   (b) false?

5. Collaboration is preferable to compromise as a means of conflict resolution as it results in 'win-win' situations. Is this:
   (a) true
   (b) false?

Answers to Quick Revision: 1–b; 2–c; 3–a; 4–a; 5–a

Learning Style Activities

➡ **Activist:** From your experience of the world of work, your family or any other situation relevant to you, identify a manager you know. How does he/she operate?

➡ **Reflector:** Reflect on the strengths and weaknesses of this person's managerial approach and relate it to the way entrepreneurs are expected to manage. How similar or different are they?

➡ **Theorist:** How do the theories of entrepreneurship help identify this person's managerial strengths or limitations?

➡ **Pragmatist:** How will your knowledge of this person affect you and the way you manage in the future?

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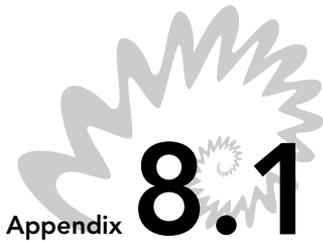
What's Your Conflict Management Style?

By Kathy Simmons*

This simple test will help you handle confrontation like a pro.

Whenever people spend significant amounts of time together, conflict inevitably arises. The test of a true professional lies in the manner in which they handle such disputes in the workplace. An important first step is understanding your personal conflict management style. The following quiz will help to determine yours.

1. When someone offends you, which of these best describes your typical reaction?

   (a) I ignore it.
   (b) I try to understand why they are behaving badly.
   (c) I try to reason with the person.
   (d) I let them know how firmly I feel.

2. Conflict is brewing between two of your co-workers. You would be most likely to:
   (a) avoid both of them until it is over
   (b) observe the situation carefully prior to acting
   (c) act as a mediator
   (d) let them know how disappointed you are.

3. Your boss makes an unreasonable work request on a Friday afternoon that will take you most of the weekend to complete. What would you do?
   (a) Grin and bear it.
   (b) Find out more about why it is necessary, then comply.
   (c) Suggest alternatives to get the job done without working excessive hours.
   (d) Laugh and let the boss know that you have a life outside of work.

4. If a client or a customer became angry and hostile, your reaction would be:
   (a) remain quiet; after all, the customer is always right

(b) hear them out, trying to understand their perspective
(c) begin thinking about creative solutions to the problem
(d) ask them to calm down and then loudly explain your position.

5. You've just had a huge misunderstanding with a co-worker. How would you resolve it?
   (a) leave it alone
   (b) wait a few days before initiating contact; time will put things in perspective
   (c) make an effort to talk through what happened
   (d) try to get the person to understand your position

6. A co-worker is taking advantage of you. How do you react?
   (a) I just accept it
   (b) I try to figure out why he or she is acting this way
   (c) I persuade them to change their ways
   (d) I 'have it out' with them

7. A heated argument breaks out during one of your meetings. How would you handle it?
   (a) adjourn the meeting and leave
   (b) keep quiet and watch
   (c) try to facilitate the discussion
   (d) take sides with the person who agreed with you

8. My co-workers usually describe me as:
   (a) quiet
   (b) a good listener
   (c) convincing
   (d) bossy.

9. One of my greatest strengths is:
   (a) the ability to stay out of trouble with people
   (b) reading between the lines
   (c) persuading others
   (d) getting others to do what I want them to do.

10. When I have serious disagreements with someone, I often:
    (a) remain quiet and hope it blows over soon
    (b) listen and make sure I understand their point of view
    (c) think of ways I can get the other side to understand my position
    (d) continue talking until I am sure the other person understands.

Now add up all your (a), (b), (c) and (d) answers. Your conflict management style depends on which letter you choose most often.

(a) Avoidance
You avoid conflict at all costs and go to great extremes to keep the peace. You

often resent others, but actually keep your feelings hidden and repressed. Good assertiveness skills training would help conquer your fear of conflict and turn you into an impact player at work.

(b) Analysing
You have the ability to remain calm in the face of conflict and understand or analyse other viewpoints. Listening is one of your strengths, but you do have a tendency to cave in to keep harmony. If you work on clearly communicating your emotions to others, then both parties achieve a win-win solution.

(c) Assertive
You are persuasive and adept in matters of negotiation. You love to win people over to your side. Conflict does not scare you and you are adept in matters of negotiation. You view conflict as a challenge and do not shy away from opportunities to manage it effectively. To improve your conflict management, try to focus on improving your listening skills.

(d) Aggressive
You like to have the upper hand. Conflict resolution is hampered by your need to control the situation. You tend to 'steamroll' over quieter individuals. To increase your successful conflict outcomes, work on softening your approach and listening to others. Remaining calm will actually give you more power.

* *Kathy Simmons practises what she preaches as the assistant vice-president of Canada Life Assurance Company in Atlanta, where she is responsible for over 100 employees. She credits Art Sharp, her writing mentor, and Jim Freeman, her father, with providing the encouragement and inspiration needed to author many management and career articles.*