





# HIRING AN ENTREPRENEURIAL LEADER

WHAT TO LOOK FOR BY **TIMOTHY BUTLER**

**E**ntrepreneurs have become the new heroes of the business world. In the same way that Robert McNamara and his fellow Ford Motor Company “Whiz Kids” elevated general managers to star status, figures like Mark Zuckerberg and Steve Jobs have made entrepreneurs the latest business icons. At Harvard Business School, where I advise the career development program, even students who plan to join blue chip firms and have no intention of ever launching start-ups would be insulted if someone told them they weren’t “entrepreneurial.” I understand why: Entrepreneurialism is highly valued in today’s labor market. Companies

of all shapes and sizes aspire to be seen as highly innovative, nimble, and agile—all qualities traditionally ascribed to entrepreneurs.

Yet in their recruiting efforts, companies do not have a scientific way of separating true entrepreneurs from other talented candidates. Instead, they fall back on broad stereotypes.

In my research I’ve explored how firms can address that problem. In an effort to understand what makes entrepreneurs special, I’ve compared the psychological-testing results of more than 4,000 successful entrepreneurs from multiple countries against those of some 1,800 business leaders who described themselves as

**ILLUSTRATION BY ALEX FINE**

general managers but not as entrepreneurs. Unsurprisingly, the two groups had much in common. On 28 of 41 dimensions of leadership, there was little or no difference between their skills. Yet when I looked more closely, combining their skill assessments with data on their life interests and personality traits, I discovered that entrepreneurs had three distinguishing characteristics: *the ability to thrive in uncertainty*, *a passionate desire to author and own projects*, and unique *skill at persuasion*. I also found that many of the traits commonly associated with entrepreneurial leaders didn't truly apply.

For instance, entrepreneurs aren't always exceptionally creative. But they are more curious and restless. They aren't risk seekers—but they find uncertainty and novelty motivating. In this article I'll tackle some of the myths about entrepreneurs and explain the more nuanced reality. I'll also offer evidence-based, practical advice on interview questions and résumé screening that hiring managers can use to distinguish entrepreneurial candidates from other high-potential talent.

## IN BRIEF

### THE PROBLEM

Though entrepreneurs are the new heroes of the business world, most companies lack a scientific approach to recruiting managers with entrepreneurial qualities. Instead, they rely on stereotypes.

### THE SOLUTION

An analysis of the psychological-testing results of more than 4,000 entrepreneurs and 1,800 general managers showed that three factors differentiate entrepreneurs: thriving in uncertainty, passion for ownership, and skill at persuasion.

### THE UPSHOT

Entrepreneurs aren't always more creative than general managers, but they enjoy pushing boundaries. They aren't risk seekers but find novelty motivating. Much like artists, they want to author and own projects. And they're natural salespeople. Hiring managers should look for these qualities when recruiting.

## KNOW YOUR REQUIREMENTS

Before looking to hire entrepreneurial leaders, managers must answer an important question: Does the

**THE STEREOTYPE:** Entrepreneurs are unusually creative.

**THE SUBTLER TRUTH:** Entrepreneurs are curious seekers of adventure, learning, and opportunity.

One popular notion is that entrepreneurs and people who enjoy constantly changing, innovative environments are more creative than others. But there are many types of creativity in business. Some managers, for instance, are highly creative at fixing things that are broken and enjoy the challenge of returning a system to a previous state of optimal functioning. While it's certainly true that entrepreneurs excel at original thinking, so do many nonentrepreneurs. In reality, what sets entrepreneurial individuals apart is something slightly different—something both broader and deeper than what is typically evoked by the word “creativity.” It's the ability to thrive in uncertainty.

A critical aspect to this dimension is *openness to new experiences*. In my research, I've found that it is the single trait that most distinguishes leaders who are entrepreneurial from their more conventional peers.

Openness to new experiences is about having a restless need to explore and learn. It entails not just

company really need one? Not all organizational challenges call for an entrepreneurial approach. In my research successful founders as a group scored extremely high on a scale that measures the desire for power and control—and notably higher than the nonentrepreneurial leaders. This quality can cause conflict in situations where the sharing of information and power is vital to organizational performance. What's more, it will often not play well in organizations that have established matrix structures, need porous boundaries between working groups, or require high levels of collaboration.

Hiring managers should carefully consider the particular leadership challenge they're recruiting for. If it's a greenfield situation, a turnaround, or any other circumstance that demands intensive initiative on a contained project, then an entrepreneurial style is likely to add value. But if the situation involves a highly interdependent matrix of working units, you might well do better looking for a different leadership profile.

If you do conclude that an entrepreneurial leader is what your organization needs, then it's important to understand the entrepreneurial character in a nuanced, sophisticated way. Let's take a look now at the popular perceptions about entrepreneurship and at what the research indicates really drives the people who are good at it.

a willingness to proceed in unpredictable environments but a heightened state of motivation that occurs at the edge of the unknown and the untried. For individuals who score high on this dimension, the unknown is a source of excitement rather than anxiety.

Consider Charlotte Yates, who brought her entrepreneurial leadership style to Sprint and IBM before eventually leaving to help found the telecommunications firm Telwares. When she was in a larger corporate setting, she saw herself as taking an approach that differed from the one used by the majority of her fellow leaders. “I didn't follow IBM's design process and their normal chain of command, because my task would have never gotten done,” she says. “I didn't see myself as having a tightly defined box; I didn't see the boundaries. I was looking at a blank piece of paper and saying to myself, ‘Now, what do I want to create here?’”

Entrepreneurs enjoy the “dreaming it up” process. Like Yates, they are less bound by convention than their corporate counterparts, and they're more likely to assume things can be done better. For this reason, they thrive in environments where there is a market opportunity but no product or service, or where there is a product but the go-to-market strategy is not clear. They relish the early stages of projects and tend to become less engaged as projects become more routinized and steady state.





---

## **THE STEREOTYPE:** Entrepreneurs enjoy and seek risk.

## **THE SUBTLER TRUTH:** Entrepreneurs are more comfortable with risk.

Another prevailing view is that entrepreneurial people love risk—that they enjoy the thrill of taking chances. This is not true; entrepreneurs are not the skydivers of the business world. Like every good businessperson, they seek to minimize risk at every opportunity. However, many studies have shown that entrepreneurs have higher comfort with risk than conventional managers. In other words, when accepting risk is necessary to reach a desired goal, entrepreneurs are better at living with it and managing the anxiety that might be disabling to others. My research likewise showed that the colleagues of entrepreneurial leaders rated them significantly higher than more-traditional executives on comfort with risk.

Entrepreneurial leaders aren't necessarily tougher and more stress-hardy than their corporate peers—in ratings of their resiliency, taken from 360 reviews, I found no significant difference between the two groups. Rather, the point that emerged was that highly unpredictable and ambiguous environments are, for entrepreneurial leaders, a source of motivation. This is a second reason they thrive in uncertainty.

### **ASSESSING THE ABILITY TO THRIVE IN UNCERTAINTY**

Openness to new experiences and comfort with risk are the main components of the ability to perform well in unpredictable environments, although many people misperceive the essentials to be tough-mindedness, hardiness, or resilience. Those are highly desirable qualities in a leader (and your organization's situation may demand them), but they're beside the point if your hunt is for an entrepreneurial leader.

Here's what to examine instead: Has the candidate made choices that clearly favor adventure and learning over convention and minimization of risk? Examples might include choosing a less recognized college to pursue a particular passion; spending a year abroad in an unusual setting as a growth experience; opting to work for a highly innovative small company rather than a big brand-name company; vacation destinations that involve hardship but unusual experiences; living in a diverse and interesting part of a city rather than the usual professional enclaves; taking genuine risks in previous organizational roles; and taking on projects for which resources are scarce and outcomes uncertain.

When interviewed, entrepreneurial managers will ask bold questions, take the initiative in the conversation, exhibit little anxiety about fitting in or providing the desired responses, and exude sheer, almost impatient, enthusiasm. Do candidates' answers feel safe or "rule-bound"? Don't miss any opportunity that allows candidates to demonstrate their willingness and capacity to explore the unknown.

The following questions will help you identify candidates who will thrive in uncertainty. But don't look for the best answers; look for the extent to which the candidate champions the value of exploration, learning, new approaches, and willingness to take on risk to achieve an important outcome.

- Which do you fear most: anxiety or frustration?
- Are you willing to get into trouble in order to make something important happen?
- Which is more valuable: instinct or wisdom? Why?
- Which is more valuable: imagination or analysis? Why?
- A space explorer is looking for people to colonize Mars. Have a conversation between the part of you that would say yes to this mission and the part that would say no.
- We (or a competitor) decided to launch this product in this way. How could we have done it differently?
- Rapidly, choose one option from each of the following word pairs. (Do not try to score these responses, but look for a general pattern.)

**CONSISTENCY or FLEXIBILITY**

**PROVEN or POTENTIAL**

**CAREFUL or BOLD**

**EXPLORE or SETTLE**

**PREDICTABLE or POSSIBLE**

**BONUS or SALARY**

**SAFETY or OPPORTUNITY**

**MEDAL or JOY**

**PUZZLE or BLANK CANVAS**

**NIMBLE or STEADY**

**CHANGE or CONSTANT**

**KNOWN or UNKNOWN**

**PATIENCE or EXCITEMENT**

**FRONTIER or HOME**

**SET or OPEN**

**WILD or TAME**

**VARIETY or CERTAINTY**

**INHERIT or CREATE**

**THE STEREOTYPE:**  
**Entrepreneurs are more personally ambitious than other leaders.**

**THE SUBTLER TRUTH:**  
**Entrepreneurs are driven by a need to own products, projects, and initiatives.**

As mentioned earlier, entrepreneurial leaders, as a group, score exceptionally high on the need for power and control, and notably higher than conventional general managers (though that group scores quite high too). Intrigued by this, I interviewed entrepreneurs to learn more. I began to discern an interesting variation on the need for power often associated with entrepreneurial leaders: For them, it's less about dominance and more about ownership. It's not about having supremacy over subordinates or commanding respect or authority; it's about having control over the finished product. In this way, entrepreneurs have more in common with authors and artists than with dictators.

Entrepreneurial managers are hands-on. They want to be in the middle of the buzz and hustle as a new venture, day by day, comes into the world and starts to walk, then run. They are not ones to sit in tastefully appointed corner offices moving chess pieces for a game being played out floors below them. They want to be the artisans with their hands on the wet clay. They want to take a finished piece from the kiln and say, "This is mine"—not in an egotistical or acquisitive sense but in the sense of "I shape materials that become valuable and useful things." Long after Apple had become one of the largest companies in history, Steve Jobs still had to be part of every critical design discussion, hold prototypes in his hand, and assess every detail from gleam to heft. Power, for the entrepreneurial spirit, is about being the owner of and driving force behind an initiative.

One entrepreneurial leader I interviewed, Andrea Kimmel, CEO of Sweet Kiddles, a child-care start-up, put it this way: "I want people to see me as the person who can make ideas happen. For me, part of being the boss means that people in the organization will come to me to try to make things happen, to bring change."

This expression of power is different from positional power (which is based on your rank), charismatic power (influencing people through your personality), or expert power (when others defer to your knowledge). Entrepreneurial leaders do not see themselves as exerting power from above. They see their role as being at the center of a circle rather than the top of a pyramid. An entrepreneur may or may not be charismatic, but his method is not to inspire the masses at the annual convention and then step off the stage and retreat to the corner office. He wants to have a hand in the immediate game.

That is not to say that entrepreneurial leaders do not display aspects of authority, expertise, or charisma—many do. But the aspect that unites them is not the desire to be a decision maker. For such leaders, a venture is an expression to the world of who they are.

### ASSESSING PASSION FOR OWNERSHIP

To find out who has a hunger for hands-on involvement in projects, from start to finish, try to tease out the following: Has the candidate been a founder rather than a joiner? Instead of running for class office, for instance, did she start a new club, campus initiative, or business? (Points should be awarded for a pattern of seeking out leadership of any kind, however.) Did she make early career choices that would give her creative control? Has her path been atypical or opportunistic rather than one of lockstep promotions? Has she been "in charge of her life" from an early age? Has she been an entrepreneur, successful or not, at any stage?

Then watch for these signs: Does the candidate "own" the interview by starting to sketch out a vision for how the demands of the position could be met? Does she (ideally without arrogance) participate almost right away as a mutual "owner" of any problem at hand? Does she probe for assurances that she will have the requisite autonomy to lead the new venture?

Some interview questions to consider:

- Which business leaders do you admire? Why?
- What do you take pride in?
- What causes new ventures to fail more often: a lack of leadership or a lack of collaboration?
- Which is a better attitude for a business leader: passion or professionalism?
- Psychologically, do you take work home with you?
- How much of who you are is what you do at work?
- Rapidly, choose one option from each of the following word pairs. (Again, do not try to score these responses, but look for a general pattern.)

**OWN or MANAGE**

**SUGGEST or DIRECT**

**LEAD or PARTICIPATE**

**SHAPE or CONTROL**

**CAPTAIN or NAVIGATOR**

**OWNERSHIP or TITLE**

**GRACE or POWER**

**COMPLETE or REFLECT**

**ASPIRE or ACCOMPLISH**

**MEMBERSHIP or POSSESSION**

**KNOWLEDGE or POWER**

**PRESIDENT or MINISTER**

**PROFIT or EQUITY**







---

## THE STEREOTYPE: Entrepreneurs are natural salespeople.

## THE TRUTH: This one is correct.

My research corroborated many earlier studies that highlighted the importance of confidence and persuasiveness among entrepreneurial leaders. When it's crucial to get somewhere or make something happen, but it's not clear how to do so, you must, first, believe that you can reach your goal and, second, convince all the people whose help you need that you can, too—and very often, with little or no evidence to back you up.

Entrepreneurs must be able to sell their vision to prospective team members before they have anything else to offer. Many have to sell their ideas to initial investors and later to venture capitalists and joint-venture partners. And all entrepreneurs must be able to sell to the customer.

The same applies to people spearheading new ventures within larger corporate entities. The renowned U.S. automobile executive Lee Iacocca was an entrepreneurial leader who spent his entire career in large corporate settings. Though he'd been trained as an engineer, he switched to a sales track early on, and it was his sales ability that made him exceptional. His persuasive skill helped him at every turn. Two of his sales feats assumed mythic status: Convincing Ford's leadership that the firm should make a large investment in the development of a lower-priced sports car (which led to the phenomenal Mustang success story) and getting Congress to pass an unprecedented act bailing out Chrysler.


## ASSESSING PERSUASIVENESS

Evaluating persuasiveness is different from evaluating the ability to thrive in uncertainty and the passion for ownership. Most of the evidence will come directly from interactions with candidates. Leaders high on this dimension will exude confidence and genuinely convince you that they can get the job done. Their confidence won't feel like bluster or hype but will


seem well-founded. They'll probe the relevant issues and potential courses of action in a steady and intelligent way. They will be honest about the unknowns of the situation but, at the same time, not waver about their ability to overcome contingencies.

Here are some interview questions about past behavior that may be helpful, although the answers should be weighted less than a candidate's actual behavior and attitudes during the selection process. Essentially, you should assess this entrepreneurial leadership dimension as if you were hiring for an executive sales position.

- What experience have you had with sales?
- Could you tell me about a particularly challenging sales experience you've had?
- Could you describe a life situation when it was extremely important that you change the opinion of others?
- How does persuading a group of executive peers differ from selling to a customer?

**EXCEPTIONAL LEADERS HAVE** much in common, and most can adapt to the demands of whatever organizational challenges they face. Leaders who are truly entrepreneurial, however, excel when a situation demands complete ownership of a venture or problem, become more motivated as uncertainty increases, and have a remarkable ability to persuade others to follow their course of action. This profile can be problematic in complex organizations where established business units need to work intensely together, across boundaries, and leaders need to share both information and power on a daily basis. But if your organization needs someone to turn innovative ideas into full-blown, standalone enterprises—or invent and bring to life completely new models—it may be time to hire an entrepreneurial leader. And by following the advice in this article, you can make sure you actually find what you're looking for. 

Reprint R1702E

 **TIMOTHY BUTLER** is a senior fellow at Harvard Business School and senior adviser to its Career and Professional Development program. He is the author of *Getting Unstuck: A Guide to Discovering Your Next Career Path* (Harvard Business School Press, 2010).



“WE NEED  
PEOPLE TO  
LEAN INTO THE  
FUTURE”

McMillon at a Sam's Club  
in Bentonville, Arkansas