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Enterprises*

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Close to the Heart: Coaching Entrepreneurs in Closely Held Enterprises

William Bergquist, Ph.D. and Susan Boland, M.A.

Based on their own work with entrepreneurs, particularly in closely held enterprises, Bergquist and Boland have come to an important conclusion: organizational coaches can play an important role in assisting entrepreneurs to meet a set of distinctive challenges associated with leadership in closely held enterprises. In this article, Bergquist and Boland identify some of these challenges and suggest how an organizational coach might help an entrepreneur more effectively meet these challenges. They examine, in particular, the unique challenges that an organizational coach faces when working with entrepreneurs who are leading closely held enterprises.

Entrepreneurship is needed in the postmodern reality of 21st Century life. The “enterprise zone,” which got so much press (at least in the United States) during the 1990s, must be defined in a new way, engaging an entrepreneurial spirit to courageously and effectively address the postmodern challenges of complexity, unpredictability and turbulence.

Organizational coaches can play an important role in meeting the distinctive challenges associated with entrepreneurial leadership in closely held enterprises. What are these challenges and how might an organizational coach help an entrepreneur meet these challenges? Furthermore, what are the unique challenges that the organizational coach faces when working with entrepreneurs in closely held enterprises?

The Closely Held Enterprise

Before identifying and describing these challenges, we must indicate what a “closely held enterprise” is—given that this is not yet a commonly used term. We propose that there are four types of organizations that fit in this category:

Type One/The Family-Owned Business: single person ownership, immediate family ownership, extended family ownership, corporate stock held exclusively by family members (for example, a large family-owned insurance company, a major automobile

dealership, a high-status restaurant chain).

Type Two/Small Businesses: revenues of less than \$5 million per year (for example, a small independent grocery store, a family-owned auto repair shop, a specialty food mail-order business).

Type Three/Professional Practices: independent firms that are owned and operated by professionals who usually are licensed to provide highly specialized and technical services (for example, dentistry, veterinary medicine, accounting, architecture, clinical psychology, organizational consulting, and coaching).

Type Four/Focused and Independent Nonprofit Organizations: often small, usually governed by a small, carefully chosen group of like-minded people (often founders). Created for a specific purpose. Providing needed services in a selective niche (for example, shelter for homeless families or battered women, environmental action group to save a specific species, high status public policy think tank).

There are many ways in which these four organizational types differ from one another; furthermore, these four types are usually treated as separate and distinct

entities. We propose, however, that these four types share many characteristics and that they often face many of the same challenges.

The Challenges of Enterprise

What is it that these four types of closely held enterprise hold in common and what are the challenges faced by entrepreneurs who lead these enterprises? We have identified seven fundamental issues that are embedded in and shared by most closely held enterprises. Each of these seven issues, in turn, poses one or more challenges for the entrepreneur who leads the enterprise and suggests one or more opportunities for effective executive coaching.

1. Diffuse Roles/Responsibilities/Boundaries

The traditional boundaries to be found in the carefully constructed bureaucracies of corporations, governmental agencies and other large organizations are often absent in closely held enterprises. Nepotism often reigns (especially in family-run businesses), with family members working for other family members. Furthermore, there is often an esprit in the closely held enterprise that leads every employee to lend a hand in whatever way will help the organization. As one of the members of a closely held enterprise whom we coached recently noted: "Everyone does a little of everything . . . and we can never seem to get totally away from our work."

Using more technical language, the closely held enterprise is one in which there typically is a high level of *integration*, but a low level of *differentiation* among functions. Classical organizational theory suggests that an organization initially begins (like any system) with low levels of differentiation among functions. There is not much division of labor. Everyone does everything when an organization is young. However, as most organizations grow larger or older there is increasing differentiation. Each person does a specific job and there is ever-increasing differentiation of roles, language, and even organizational culture. We often describe this today as the tendency for organizations to create "silos".

While the creation of silos is an effective and expected response to the growth of any organization, silos can

create their own unique challenges if coordination and collaboration between these silos begins to suffer. This is where integration enters the picture. As an organization becomes increasingly differentiated, it must create an increasingly large and powerful set of integrating functions. These functions include management, intra-organizational communication channels (for example, telephone, email and intranet systems), and a unifying vision, mission or set of values.

It is important to note that many closely held enterprises do not follow this traditional and often normative model of organizational effectiveness. These enterprises often do not differentiate. Everyone continues to lend a hand in all aspects of the enterprise, even as this enterprise grows larger and older. As a result, there is less need for formal integration among differentiated functions in these unique organizations. The informal and powerful integrative forces that existed when the enterprise was begun remain in force throughout the life of the organization. As we shall note later, this is both an asset and a liability for the enterprise and for the entrepreneurs who lead this enterprise.

What is the entrepreneurial challenge when roles remain diffuse? Typically, we find that the lack of boundaries and differentiation can lead to *burnout*. In closely held enterprises, burnout results not from a lack of recognition for the work one does nor from a more general psychological alienation from the organization where one is employed. (These sources of burnout are more common in corporate life or in government.) Burnout in closely held enterprises is more likely to come from working too many hours, assuming too many responsibilities and finding no time away from the job—even when at home with "the family."

The key factor is *pacing*. An entrepreneur can't do everything, be everywhere, or achieve every goal at one time. While the solution to the problem of burnout seems obvious—quit working so hard—it is remarkable how often in coaching sessions, it all comes down to this one basic issue: "How do I, as an entrepreneur, serving in a leadership role in a closely held enterprise, find time for my family, for my personal restoration and for moments of reflection on the enterprise that I

am leading?”

2. Tacit (Informal and Obvious) Intentions

A second major theme is voiced by many entrepreneurs in closely held enterprises: the intentions of the enterprise (Mission, Vision, Values, Purpose) are very important – but are not often discussed or even articulated. Why is this the case and what are the implications?

First, there is often very little conversation about intentions, because (as we mentioned above) there is little time to discuss these matters, given the time pressure felt by everyone working in the enterprise. They are all working on behalf of the mission of the enterprise, even if they are not sure what this mission is!

Second, in many closely held enterprises, the intentions are obvious – everyone is working on behalf of these intentions every moment of every working day. Most people working in a dentist office know what they are there for: dental health (and the reduction of anxiety associated with the patient’s coming to “see the dentist”). The intentions are similarly obvious to the staff of a law office, employees in a family-run grocery store, crew members on a fishing boat, or volunteers at a woman’s shelter. As one of our coaching clients recently commented: “If you want to know what our business is, just look around you . . . Why do you even ask?”

There is a third reason for the intentions of a closely held enterprise being important, but rarely discussed. This third reason is inherent in the name: the power in the organization is held closely by a small number of people. There is not much room for other people to influence the intentions of the enterprise, so why even bother talking about these intentions? “Everyone around here knows who’s in charge and who calls the tune – so why even talk about what we value or where we are going in the future.”

What are the implications of a lack of explicitly stated intentions in closely held enterprises? First, there tends to be high levels of commitment in the organization –

that’s why there is not much need for explicit intentions or for formal mechanisms of integration. Everyone pitches in and provides direct, tangible service to the organization; therefore, there is not much need for conversation about the intentions or for careful monitoring of the alignment of an employee’s work with the formal mission, vision, values or purposes of the organization.

On the other hand, there are low levels of clarity regarding the achievement of specific goals and objectives, and little clarity regarding how one’s own personal performance is measured with reference to a specific set of goals or objectives. (We shall discuss this more fully later.) Everyone is a bit on edge, waiting for an informed (but often biased) assessment by the entrepreneurial leaders regarding how “well” the enterprise is “performing.” One of the men we coach owns a small business that processes coffee beans for distribution to high-end coffee shops. Every morning, when he walks into his office he can smell the beans being processed and immediately knows if the coffee is “good” or “bad.” He knows intuitively – but can you imagine how his employees feel while waiting for his daily assessment?

The entrepreneurial challenge associated with this issue of inexplicit intentions is a bit complex and even contradictory – a dilemma.¹ On the one hand, it seems obvious that the entrepreneur should be more explicit about the intentions of the enterprise that she leads. She needs to articulate the mission, vision, values and purposes in a way that employees (and other stakeholders) can understand and in a way that enables other people, independently, to assess achievement of specific goals and objectives.

On the other hand, it is critical that the entrepreneur does not become too attached to an explicit set of intentions. Haile Sellassie, the legendary king of Ethiopia (kingdoms are closely held enterprises!) once indicated in a moment of remarkable candor that he never wanted anything he said to be written down, for he might change his mind! Like Sellassie, the entrepreneur has to remain “fleet of foot” and expedient. She must always be thinking out of the box (“thinking

the unthinkable”) and open to new opportunities that may stretch the mission or vision of the enterprise (while remaining true to its fundamental values). One of us lives in a fishing village in New England. The men and women who go out to sea will readily shift focus (and tackle) if they find that their primary commodity isn’t there to be harvested. This is a delicate balancing act—between clarity and flexibility. The coach can provide important assistance in helping the entrepreneur find this balance in their closely held enterprise.

One of the more successful examples of what’s possible when there is flexibility around the intentions of a business took place in the early years following WW2. A Canadian start-up that manufactured airplane parts lost their biggest client when the Avro Arrow project was abandoned by the Canadian government. Finally, after much soul-searching, the founder approached his employees and explained the situation: they’d lost their major client and he could no longer afford to pay them. He would have to close the business.

Many of these employees were British aeronautical engineers who had immigrated to Canada with their families specifically for this project. They had no jobs to go back to in Britain and no money to pay their way home in any case. For them, there was no turning back!

Together they did an “audit” of their combined skills and researched growing market opportunities. Television, they decided, was going to be the next “big thing” and while none of these engineers knew much about television, they did know about radar from their wartime aeronautical experience. There was much in common between radar technology and the emerging television technology. They would figure out the rest. They convinced the entrepreneur to “hang in.”

To cut costs, employees and their families moved in together, sharing the costs of apartments and child care, and wives who had never before worked in an office contributed by typing, accounting and filing or by getting jobs of their own. Within a decade the company that had been set up to build aircraft became a world leader in the area of television switching equipment!

3. Informal Performance Criteria and Review

The first two issues facing the entrepreneur – diffuse roles and informal intentions - inevitably culminate in a third issue. In many closely held enterprises, there are high levels of informal control but low levels of formal evaluation and review. People working in the closely held enterprise don’t know how their performance is being evaluated. Their “boss” is likely to tell them: “I can’t tell you exactly when we are doing it right, but I know when we’re doing the right thing.” Our coffee bean entrepreneur comes to mind.

This lack of clarity regarding performance can lead to burnout on the part of those who work with the entrepreneur. We see this in the frequent turnover of staff in many human service agencies and in many professional practices. There will be a few “old-timers” who have been there many years, know the “ropes” and know that their job is secure (even if they are not very productive) and, most importantly, can “read” the moods, nonverbal evaluations and brief, cryptic comments of their boss regarding “how things are going.”

Newer employees will burn out because they try hard and believe ardently in the entrepreneur or in the broader enterprise. They identify a mission, vision and purpose for the enterprise, but typically see this mission, vision or purpose embodied in the entrepreneur rather than in any formal statement of mission, vision. They also see the values of the enterprise embodied in the entrepreneur. The problem is that they don’t know how to translate this into their own decisions and actions. They can’t really be “just like the boss,” given that they don’t own or tightly control the enterprise. Plus, they are meant to be working on behalf of the entrepreneur, to complement rather than replicate her performance. So what is the employee to do and how is he to receive feedback regarding how he is doing?

The entrepreneurial challenge, in this case, is rather straightforward (though not easily achieved by many entrepreneurs). The entrepreneur must identify appropriate goals and objectives for her employees and, most importantly, identify appropriate levels of accountability. This is where flexibility and expedience

comes to the end of the line – the specific performance of employees in the enterprise. Every employee should be given clear guidelines regarding what is expected of them in the organization and how specifically they are to be evaluated and for what they are to be rewarded (with regard to continuing employment, compensation and potential career advancement). Organizational coaches can be of valuable assistance in helping entrepreneurs establish and communicate these guidelines.

The editor of a high-end fashion magazine had a difficulty retaining employees; they left within a short time either to head for greener pastures or due to burnout, leaving our client perpetually understaffed and stressed. But understaffed or not, Mary and her ever-changing team of writers, photographers, stylists and editors drove themselves to produce an entirely new product every month. What's more, the magazine had to accurately predict and portray the future trends in the international fashion world, while trying to remain true to its own vision. Asked about her long term vision for the magazine, Mary shook her head, "We're always aiming at a moving target."

On a short term, day-to-day basis, Mary found it very difficult to articulate her vision to herself, let alone to her staff and equally difficult to articulate to them what they were doing right and what they were doing that was not working. Mary would frequently insist that work that had been done – photo shoots and articles – be redone, but she was unable (or too rushed) to communicate what good work would look like before it was begun. Understandably, the staff felt that they, too, were aiming at a "moving target."

Through coaching, Mary began to see that, at the heart of the "moving target", there was, in fact, a very stable, consistent vision: her own sense of style. The staff felt that they were successful to the extent that they were able to reflect her style, "to get inside Mary's head", "to become Mary's clone", indicating that they, too, understood that there was a consistent vision. Unfortunately, they were resistant to that vision: for people who had chosen a career in fashion, the perceived requirement that they abandon their own

personal sense of style and replace it with someone else's was anathema.

The entrepreneurial challenge was threefold: to articulate a shared vision for the magazine, to clarify performance expectations for the staff, and to find a way whereby the staff could feel creative within the parameters of the vision. One of the most effective interventions was instituting "casual Friday." Where previously everyone had dressed for work as "Mary's clones" in very sophisticated, conservative professional attire, "casual Fridays" quickly evolved into a day when staff "played dress-up." The outfits were amazing – a punk-rocker, a harlequin, a Hilary Clinton, a biker-chick, a schoolgirl.

The results of "casual Friday" were unexpectedly rich: everyone started having more fun and feeling less stressed, and they began to develop a shared insider vocabulary, a lighthearted shorthand, which enabled the team to clearly articulate a wealth of style/taste ideas – sometimes in a single word or a single image. Using this shared vocabulary, the team began to articulate a shared image of the magazine that they envisioned. As their confidence grew, the staff became increasingly capable of assessing, independent of input from Mary, whether or not any particular idea would pass muster with Mary.

It was a delightful surprise to discover that meeting Mary's criteria for success could become more like a creative process of "playing dress-up" rather than a tug of war between Mary's taste and that of a staff member. One didn't need to be a punk rocker in order to have fun dressing like one.... and one didn't need to be a "Mary clone" in order to have fun designing a magazine for "her" style!

4. Intensive (Face-To-Face) Communication

The fourth issue for coaching concerns the "feeling" of the organization – the culture of the enterprise. Typically, a closely held enterprise is one in which there is frequent, direct communication among those who work in this enterprise. The entrepreneur typically does not sit in an office at some distant location. She is right there with the employees. Furthermore, with the low

levels of differentiation and lack of explicit intentions, people in the organization must constantly talk with one another to make sure that everyone is “on the same page.” One of our coaching clients recently stated it this way: “We are always bumping into each other . . . so we don’t really need to worry much about keeping informed about what each of us is doing.”

The story, however, doesn’t end here. While there are high levels of interaction, there are often low levels of consistency or predictability with regard to the patterns of this interaction in closely held enterprises. There are many rules and regulations that tend to dictate how employees relate to one another in corporate life, large organizations and other bureaucratized institutions. Formal reporting relationships are respected and end-runs are discouraged. This is often not the case in closely held enterprises. Employees typically do not hesitate to go directly to the “boss” with a complaint or request, often bypassing the person to whom they formally report.

Members of a closely held enterprise are also inclined to form informal teams to get a job done, these teams being constituted for a specific purpose with informal leadership roles shifting depending on the nature of the task. Everyone pitches in to set up tables for an upcoming meeting and one of the employees with the biggest muscles or clearest sense of seating arrangements “takes charge.” Five minutes later someone else is in charge. She will handle the decorations on the tables or will ensure that each table has water, pens, paper, etc. All of this occurs with very little negotiation or posturing.

In this instance, the entrepreneurial challenge is one of finding coherence and continuity in the midst of the informality and flexibility – reminding one of the challenge that is associated with our second issue (tacit intentions). In a closely held enterprise, one finds coherence and continuity, not in the rules and regulations of the organization, but instead in the distinctive stories that each member of the enterprise can tell regarding the organization and her role in the organization. As coaches in closely held enterprises we are constantly in the business of eliciting and listening

to stories – this is what holds the enterprise together and provides members of the enterprise with guidance regarding how to work with one another.

A story about the way in which one human service agency with which we work handled the loss of half the staff with flu last February suggests something about the often-unacknowledged strengths of staff members who fill in for those who are absent. This story also reveals something about the contingency plans that are already informally in place for the next time many members of the staff must be absent. Story telling is much more valuable in closely held enterprises than are attempts to artificially impose rules and regulations. Some sociologists identify this approach as the discovery of “natural helping networks.” These networks often operate very effectively in closely held enterprises, and must be honored and supported, rather than being bypassed by some external version of how an “effective organization *should* run.”

The Director of Nursing in a privately owned aids hospice has discovered the power of storytelling in training new nursing staff: “Our hospital has a pretty unique culture and I was at a loss as to how to communicate what that culture is all about and what’s required of staff as a result of our culture – until I recognized the value of storytelling.” Now, new nurses join longtime employees for lunch hour “storytime.” One of the stories that staff members like to tell is about a patient who, nearing death, had only one request: that she could die in her caregiver’s arms. In the final days of her life, staff took turns lying with her in her bed, holding her in their arms. Day in, day out, she was never alone. When the time came, the woman died in the arms of dedicated caregivers, just the way she wished. You can imagine the impact of that story on new nursing staff!

5. Powerful Role of Leader

At the heart of the matter in closely held enterprises is the central, integrative force in this organization – namely, the entrepreneurial leader or cluster of leaders. Typically, the closely-held enterprise is highly dependent on this leader or cluster of leaders: “I don’t know what we’d do if she wasn’t here.” “He is the ‘life

blood' of this organization."

Usually, there are high levels of loyalty to the leader or cluster of leaders. Furthermore, there typically are low levels of independence from the leader on the part of those who are working in the enterprise. This can be a further source of burnout on the part of both the leader and follower. The leader is ambivalent about the dependency of her staff. "I wish they would make up their own minds sometimes, rather than always coming to me for my advice." Yet, this entrepreneur never quite lets her staff off of a very short leash and can be very critical if a mistaken action is taken without consulting her. There is often a demoralizing "I-told-you-so" response from the entrepreneur.

We can get even more detailed in our analysis of leadership in the closely held enterprise. There are essentially three kinds of entrepreneurial leaders: the wise leader, the brave leader and the visionary leader. Usually one of these leadership styles prevails in any one enterprise.

The Wise Leader

The wise entrepreneur is the one who knows everything about the business, having been in this business "since time immemorial." This leader fosters dependency, because no one else is quite as knowledgeable or experienced. There are two parts to the entrepreneurial challenge for this type of leader: first, to learn to listen to the input from others, and second, to consciously share her knowledge and experience with others. This often means an intentional mentorship program.

In the short term, the entrepreneurial challenge often focuses on fostering listening skills in the wise leader and decision-making skills and independent thinking in the executive team that reports to the wise leader. We have seen more than one situation where important information did not make it to the top. Was the wise leader not listening? Were employees complacent – thinking that the wise leader was all-knowing? Or were employees uncertain as to the value of the information they possessed? Over the long run, this entrepreneurial challenge often centers on succession planning. How do we transfer leadership to a new generation of

knowledgeable and experienced leaders?

The Brave Leader

The second type of entrepreneurial leadership- the brave leader- requires a powerful (but not overpowering) enemy: a competing business, a societal crisis (poverty, violence, injustice) or a client population that has not yet begun to value the services or product of this enterprise. The brave leader remains vigilant in fighting the foe, in never giving up, in putting in additional hours to gain a greater market share, in seeking to conquer poverty in a specific neighborhood, or in mounting a successful marketing campaign.

The entrepreneurial challenge for the brave leader centers on the nature and continuing existence of the "enemy." If there is no longer a viable external enemy, then attention and conflict-laden energy tends to turn internal, and hostile camps are established inside the enterprise. Some members of the organization line up with one camp and others with a second (or even a third) camp. Leaders who rely on this organizational dynamic must find a new external enemy if the old one is defeated, or must redefine the external enemy if this enemy ceases to be a viable source of passion and loyalty in the enterprise; otherwise, they are likely to witness conflict within their enterprise.

A woman we know dedicated many years to founding a home for unwed mothers who wanted to return to school. More or less single-handedly, she raised funds, bought a building, developed and ran a program that saw many young women complete university degrees, find jobs and escape a multigenerational cycle of poverty. In gratitude to the woman who had acted like a mother to them, one of these young women launched an alumni association and mounted a successful fundraising campaign to help support the home.

Finally, the organization was no longer struggling for its very existence. This should have been good news, but that's when the trouble began. Conflict arose between alumni, staff and students, and everyone seemed to blame the founder. This conflict was eventually resolved in what might have seemed a counter-intuitive decision to extend the services and

build a second home. With two homes now sharing limited resources, money was once again tight, and both homes were struggling for their survival, but with the struggle refocused on an external challenge, the internal conflict virtually evaporated.

The Visionary Leader

The third type of leader focuses on the vision of the enterprise. She is faced with a challenge that is similar to that of the brave leader. The visionary leader must ensure that there is always a viable vision—and that the vision of her enterprise is never fully realized. There must always be something out there in front, something to be attained—the impossible dream.

The entrepreneurial challenge is, therefore, to always look into the future and constantly update and engage the enterprise's vision. While the mission, values and social purposes of the enterprise may remain relatively stable over many years, the vision must constantly evolve and change if the visionary leader is to retain influence in the enterprise.

There is a second part of the entrepreneurial challenge for the visionary leader. This person is often inclined to point to a vision "out there" when the enterprise must look "in here" at its current issues and struggles in order to stay alive for the longer-term and larger vision of the entrepreneurial leader. It is too easy to escape into dreams when the current reality seems like a nightmare. As a coach of visionary entrepreneurial leaders, we are often in the business of supporting them and (if necessary) encouraging them, in their redirection of attention from the future to the present.

We know a coach who works with real estate developers - powerful visionaries whose greatest strength is their ability to imagine fabulous skyscrapers where there is nothing but a hole in the ground. The coach has found that while these developers can be very effective at communicating their vision to investors and to staff, they will commonly have great difficulty narrowing that vision to the here and now, and can be quite dismissive regarding what they consider to be the mundane business of "how to." Rather than fighting an uphill battle of getting the visionary to focus on today's to-do

list, this coach has been very successful in helping her visionary clients to recognize and acknowledge the value of a second-in-command whose job is to grasp the vision, break it down into a series of tasks and to manage the day-to-day concerns of the enterprise.

6. Inadequate Capitalization

Entrepreneurs who hold their enterprise close to their heart may sacrifice something very large in exchange for this control. In many cases, they sacrifice the capacity to raise outside funds. They may seek out venture capital (VCs), if they are a for-profit organization, but often are not very attractive to the VCs because they are so tightly controlled and dependent on the ongoing inspiration and leadership of one or two people. (Venture capitalists typically want to be able to exert their own influence, which means the entrepreneur has to give up partial ownership of that which is close to her heart.) If the closely held enterprise is nonprofit, then typically this enterprise limits the scope of its fund-raising efforts in its focus on a specific niche (for example, shelter for battered women).

More importantly, there is a powerful psychological force in operation. For a variety of reasons, most entrepreneurs feel like they are living on the edge of financial insolvency. Just as doting parents are often irrationally concerned about the safety of their children (John Irving captured this fear beautifully in *The World According to Garp*—the fear of the "under-toad"), the entrepreneur is constantly in angst regarding the welfare of her cherished enterprise. There is never enough financial security. There is always the search for another dollar or a new funding source: "We never seem to have quite enough money . . . or maybe we just keep raising the bar in terms of our financial expectations. . . . how much is enough money? . . . one dollar more than we now have!"

Thus, there are both rational and irrational sources of fear about the financial status of a closely held enterprise. These organizations are, in fact, often under-capitalized, yet the fears frequently extend beyond the legitimate concerns. In the most effectively run enterprises, there is a high level of patience on the part of the entrepreneur regarding long-term financial goals and an enduring

commitment to achieving these goals. However, there is also an accompanying low level of financial stability in many of these enterprises – which makes the long term strategizing particularly difficult.

At the heart of the entrepreneurial challenge associated with this issue is the capacity (and willingness) of the entrepreneur to live with financial insecurity. When asked what she does as an executive coach, a colleague of ours who works primarily with entrepreneurs indicates that she helps people work on the problems that “wake them up at 3 o’clock in the morning.” These “wake-up” problems are often financial in nature for the entrepreneur in a closely held enterprise. The coach is there to help her entrepreneurial client differentiate between the realistic and unrealistic fears and between those financial matters that are in their hands (internal locus of control) and those that are out of their hands (external local of control). She also helps them clarify worst- and best-case scenarios in some depth. If the business had to close, what would the implications be for each of the stakeholders, including the entrepreneur’s family and employees’ families?

7. Multiple and Unacknowledged Motives

There is a final issue that is commonly found among entrepreneurs who lead closely held enterprises. In many ways, this is the most important of the issues we have identified; yet, it is also often the most elusive and readily dismissed by busy, results-oriented entrepreneurs. This is the issue of motivation: Why is the entrepreneur engaged in this enterprise? Why does she put in so many hours doing this work? Why doesn’t she get a “real” job, working for someone else, so that there will be less pressure? Why does she care so deeply about the survival and ultimate success of this fledgling enterprise? As one of our clients recently noted: “I’m not sure why I work so hard and what I want to get out of this organization . . . Or maybe I do know, but don’t want to face the real reasons.”

This quotation suggests that not only is motivation an elusive issue, it is also an issue that can be threatening or even offensive for many entrepreneurs. We know a coach who was working with a small group of men and women who serve as chief executives of niche nonprofit

organizations. He asked them to identify what difference it would make if their organization went out of business tomorrow. Our colleague asked this question in order to help his clients identify the underlying reason for their good, hard work. The reaction he got to this question was stunning.

The chief executives immediately reacted with great anger, indicating that they didn’t appreciate someone suggesting that their organization might be expendable or “worthless.” They had dedicated their lives to these closely held nonprofit enterprises and didn’t want someone coming in to suggest that their enterprise could go away tomorrow. They asked our colleague to leave their meeting and never come back again! Clearly, these chief executives were highly motivated and committed to their work; but they all misunderstood what our colleague was asking and refused to explore their own motives.

What are the motives for most entrepreneurs? We would suggest that they are rarely at the minimal level (survival) or even at the intermediate level (job security, compensation, safe working conditions). If the entrepreneur had been interested in job security or compensation, she would probably work for a large corporation or government agency. Rather, the primary motivators are often a sense of achievement (often mixed with a competitive spirit), the need for autonomy (often mixed with counter-dependency), the need for a creative outlet (often mixed with a desire to stand out in a crowd), and (using Maslow’s term) a desire for self-actualization. These motives are often difficult for an entrepreneur to articulate and are often not met in the short-run by specific activities or accomplishments.

The capacity and willingness of an entrepreneur to be clear about their fundamental motivations is important and inherent in the primary entrepreneurial challenge associated with this issue – this challenge being the ongoing planning of career by the entrepreneur. Clarity about motivation is important because the entrepreneur must *frequently* make decisions about the direction in which she wants her enterprise to move. She must decide if any potential move is aligned not only with the long term strategic roadmap of the enterprise, but

also with her own fundamental reasons for being an entrepreneur and for holding this specific enterprise close to her heart. Quite often the entrepreneur “knows” when something is “right” or “wrong” in terms of her own interests and fundamental commitments, but will need assistance in articulating her motives.

It is also important that the entrepreneur remain flexible with regard to her motives. She must be capable and willing to identify and engage shifting personal aspirations and career interests, for these shifts may portend strategic changes in the direction of her enterprise. It is not uncommon for a successful entrepreneur to have relatively low capacity for stable levels of interest in specific tasks or assignments, while holding a core set of values and motives that remain constant over time and location.

One of our clients, who left a high profile position in a large multinational corporation to start her own business, seemed very clear about her motivations: “I want control over my life. At (the multinational) I had no control over my time. I traveled constantly and I missed my son’s birthday four years in a row!”

Two years after launching her own business, Janet was beginning to see the fruits of her labor and was working hard to maintain a healthy balance between her young family and the demands of her new business. When she was invited to present her product at a conference of her most high potential clients, Janet was initially thrilled: this was the breakthrough she was hoping for! Then she realized that the conference would require her to be out of town the week of her son’s twelfth birthday!

With the help of her coach, Janet undertook a thorough examination of her business and personal goals. She realized that she was in the habit of thinking of her family and her business as competing interests, and of herself as the go-between, the bridge. Whatever time, money and energy she devoted to her business was time, money and energy that she was depriving her family of, and vice versa. No wonder she was stressed!

Janet also recognized that the decision she had made

to start a business in the first place was largely out of concern for her family. She began to think about the concept of “family business” and to read about family businesses. Eventually, Janet decided to work toward involving and integrating her family into her business – to build a “family business”- and to remove herself from her self-imposed role as “bridge.” She began by asking her family to participate in some of her decision-making - the first being what she should do about the out of town conference. Much to her surprise and delight, the birthday boy proposed an ideal solution: a family celebration of his birthday on the weekend following the conference, in New York where the conference was to be held! He had never been to the Big Apple and he was thrilled at the prospect!

The Challenge of Coaching Entrepreneurs In Closely Held Enterprises

In addition to working with entrepreneurs on the unique challenges they face as leaders in closely held enterprises, the organizational coach faces several challenges of his own in working with the entrepreneurial leaders of these organizations. First, the person he is coaching is likely to have very limited time and resources to engage a coach. Because the entrepreneur is deeply committed to her enterprise and often faces real or imagined financial constraints, it is common that the potential client decides that she has neither sufficient time nor sufficient money to bring in an organizational coach: “only the rich and idle can afford an executive coach!”

The second major challenge for the coach centers on the issue of privacy. Everyone in a closely held enterprise knows what everyone else is doing. They would certainly know if someone is being coached. What is likely to be the reaction? Employees are likely to worry about what is going wrong – especially if they are very dependent on the entrepreneurial leader. This person is supposed to be very wise or very brave or a charismatic visionary. Why is our leader looking for outside help? Doesn’t she know what she’s doing? Is she afraid or lost or discouraged? These unanswered questions can send waves of anxiety through a closely held enterprise.

Alternatively, the employees – who often share with the entrepreneur a profound fear about the financial viability of the enterprise – may resent the expenditure of scarce funds for something as “frivolous” as executive coaching: “Who does she think she is?” “How are we going to afford this?” “I know of a whole lot of other things that are more deserving of these funds!” There is, of course, a third possible reaction – which is full support for and appreciation of the benefits inherent in an entrepreneur getting some assistance from an organizational coach in addressing the major challenges we identified above. One would hope that this third reaction is prevalent; however, the other two reactions are very common in closely held enterprises.

A third challenge closely relates to the second. Not only is there a lack of privacy, there is also a lack of confidentiality. It is very hard to keep things “under wraps” when conducting interviews or using any assessment instruments. Everyone knows who has been interviewed or filled out a 360-degree feedback questionnaire in most closely held enterprises. An entrepreneur in a closely held enterprise will often know the source of feedback when receiving a coaching report based on these interviews or questionnaires.

A fourth and fifth challenge have to do with the blurring of boundaries in closely held enterprises. The fourth challenge concerns the boundaries between work and family. It is hard to separate these two aspects of an entrepreneur’s life. Some coaches insist on coaching all members of the family or at least the spouses/significant others, when working in closely held enterprises.

The fifth challenge concerns the personal values and career aspirations of the entrepreneur. As we mentioned above, these personal motivations are inevitably central to the life of the enterprise and, as a result, to the coaching engagement. Coaching sessions with entrepreneurs are inevitably a mixture of personal, life, career, alignment, performance and executive coaching.² They may even hover on the edge of personal counseling or psychotherapy. Critical distinctions must be made in this regard.

A sixth challenge is often ignored (or denied) by organization coaches: a coach can easily exert too much influence in a closely held enterprise. We should always remember that Rasputin was coach to the Czar and Czarina in a closely held enterprise (the Russian Empire)! We know of a famous author who coached the head of a very successful management development firm for many years. She met for two hours each week with the charismatic entrepreneur who owned this firm. At the end of the coaching session each week, the employees in this firm braced themselves for another set of major changes in the organization that were strongly advocated by the author/coach.

This management development firm had been very successful for many years, until the author/coach began to command exceptional (and inappropriate) influence over the owner of this firm. While the owner was at a point in his career when he should have been considering succession planning, the author/coach encouraged a new set of motivations for him and sent his firm in a totally inappropriate and misaligned direction.

Obviously, this exceptional potential for influence is based in part on the leverage that comes with working for (and on behalf of) someone who usually controls most of the operations in a closely held enterprise. This potential for influence also is present because organizational coaching in this type of organization often intermixes with consulting processes. Consulting is usually associated with large-scale changes, while coaching is directed toward a specific person’s work in an organization. However, when the person being coached is central to virtually all decisions and activities in the organization, then it is oftentimes hard to separate consulting from coaching. At the very least, the client often is unable to differentiate between (nor can she afford both) a coach and consultant.

Finally, the organizational coach is faced with the challenge of convincing his client that coaching is often long term rather than being focused on a specific problem. It is hard to convince entrepreneurs that they need to think in terms of (and provide funding for) long-

term coaching. Short-term coaching is rarely successful in closely held enterprises, for it is often hard for a coach to build trust in a closely held enterprise; yet, once the trust is established, the coaching engagement can be very productive—especially when it is long term.

Concluding Comments

We would like to conclude by making use of a metaphor that we find helpful when coaching entrepreneurial leaders of closely held enterprises. This is the metaphor of “organizational anchors.” We often propose to our coaching clients that they identify the anchors in their organization. Some organizational anchors resemble a bottom anchor. This is the traditional type of anchor that most of us think of when imagining someone anchoring a ship. The bottom anchor is very heavy and it sticks into the sand or mud at the bottom of the sea. A bottom anchor—often found in the formal rules, regulations, mission statement, policies and procedures of an organization—typically remains firmly in place regardless of the winds of change. We have found that successful entrepreneurs are rarely held in check by bottom anchors.

The successful entrepreneur who is leading a closely held enterprise is more likely to be held in check by a sea anchor. This type of anchor is much smaller than the bottom anchor. It is cast overboard when a ship is at sea and the floor of the sea is many leagues below.

The sea anchor moves with the tide and wind; however, this type of anchor always keeps the boat facing into the wind; furthermore, it slows down the movement of the boat resulting from either the tides or winds. Change in direction does occur with the sea anchor, but this shift occurs slowly and deliberately. The sea anchor allows for change, but doesn't allow for precipitous shifting with the wind or for the endangering of the enterprise from a strategy that does not face into the wind (that is unrealistic or not aligned with the intentions of the enterprise). When a closely held enterprise is led by a reflective entrepreneur, then this enterprise is likely to be guided by a sea anchor rather

than by a bottom anchor (or by no anchor at all). A skillful organizational coach can be of great value in helping an entrepreneurial leader discover and invent ways in which her closely held enterprise can be maximally responsive to the complex, unpredictable and turbulent conditions of our postmodern world, while also retaining its closely held mission, values and purposes.

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As author of 38 books and more than 50 articles, William Bergquist writes about profound personal, group, organizational and societal transitions and transformations. Dr. Bergquist has conducted research and scholarship in North America, Europe and Asia to establish the foundation for his written work. The graduate school (The Professional School of Psychology) which Bergquist owns is located in Sacramento California. It has offered Masters and Doctoral degrees in both clinical and organizational psychology to mature, accomplished adults for the past twenty seven years. Bill has served as a consultant, coach and/or trainer to leaders throughout the world in more than 1,000 corporations, government agencies, human service agencies, colleges, universities, and churches over the past 35 years. He also serves as co-executive editor of *IJCO* and as a founding board member of the International Consortium for Coaching in Organizations.

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Susan Boland is recognized as a leader in the field of coaching for closely-held enterprise. She spent the early part of her career as a marketing manager in the advertising industry working with consumer product giants, and later went on to test the marketing and

management concepts she had learned, first in her own small businesses as an entrepreneur, and then, as a partner in a venture capital company. Today, drawing on first-hand business-building experience, Susan brings to her coaching clients a unique combination of passion and know-how for growing businesses and their leaders. Her most recent project is co-founding the Centre for the Advancement of Closely Held Enterprise, whose purpose is to provide training and coaching support to entrepreneurs through all phases of business from start-up to succession planning. Susan holds undergraduate degrees in Sociology and Psychology and an M.A. in Organization Development.

Endnotes

¹ William Bergquist, Ken Merritt and Steven Phillips.

Executive Coaching: An Appreciative Approach. Sacramento, California: Pacific Soundings Press, 2004 [Revised Edition].

² John Lazar and William Bergquist, "Alignment Coaching: The Missing Element in Business Coaching," *International Journal of Coaching in Organizations*, 2003, v. 1, no. 1, pp.14-27.

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