

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

Introduction

In September 2012, I began my role as Entrepreneur-In-Residence at Birkbeck, University of London (<http://www.bbk.ac.uk/innovation/entrepreneurial-innovation/entrepreneur-in-residence>). I am based in the Centre for Innovation Management Research (CIMR) and report to Professor Helen Lawton Smith.

As the CIMR web site explains:

The purpose of the Entrepreneur-In-Residence is to provide the “in-house” mentoring, coaching and expert advice necessary to help Entrepreneurial Innovation become a self sustaining program that fosters innovation and experimentation and provides a supportive learning environment for students and alumni across all disciplines of Birkbeck.

In this paper, I will seek to summarize and make sense of the experiences of coaching and mentoring student entrepreneurs. Most weeks, I have been conducting weekly group seminars, typically involving 6-8 students. I have also been conducting individual coaching for those students engaged in more developed projects.

Summary

In this paper, I will seek to show the criticality of mentoring and coaching (Hawkins and Smith, 2010) in fostering early phase entrepreneurship (Eggers, 1994). In particular, I will try to illustrate the impact of coaching and interventions in 4 specific phases:

- i. Idea Capture
- ii. Concept formation
- iii. Vision clarification
- iv. Proposition Development

In my view it is necessary to get grounded in these four phases before any business plan can be prepared. My approach will be written from an insider-practitioner perspective (Costley et al., 2010) and grounded in work-based learning (Jarvis, 2006).

I will seek to show that “soft” activities such as coaching (vis a vis the “hard” legal and financial activities) create very tangible and necessary outcomes for the entrepreneur.

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

Key Themes

By reference to practical examples drawn from the Entrepreneurial Coaching Seminars (<http://www.bbk.ac.uk/innovation/entrepreneurial-innovation/entrepreneurial-coaching-program>), I will propose this model as a mentor/coaching framework for supporting early phase entrepreneurs. When presenting these cases, I will ethically disguise and synthesize the examples in order to protect student confidentiality and anonymity. I believe disseminating this model will be useful to various institutions involved in supporting student and youth start up projects.

Much of the entrepreneurial literature assumes a rationalist position that (a) entrepreneurship begins with a "light bulb" moment and (b) that the motives of the entrepreneur can be explained mostly by reference to economic gain and wealth creation, and (c) a crucial first step is the formation of a Business Plan (Storey and Greene, 2010).

In my experience of working with entrepreneurs over a 15 year period at a practical level, I think both these rationalist assumptions are highly questionable. My goal is therefore to inquire into the reality of how successful early phase entrepreneurial projects are created.

In my view, by adopting a rationalist paradigm (Kuhn, 1962) we lose opportunities to foster a more inclusive and generally applicable entrepreneurial environment. Many entrepreneurs never have light bulb moments, and many potential entrepreneurs are put off because they have not had one. In reality, entrepreneurs often struggle and iterate multiple ideas. Ideas emerge from a complex ontological process (Jacquette, 2009). Capturing, naming, defining, and describing one specific working idea can therefore be a coaching process all by itself.

In my view, I see this **Idea Capture** as the essential building block that needs to take place before the entrepreneur can form a more 3-Dimensional **Concept**. A concept is a working model. A draft. It might be a diagram, picture, flow diagram, calculation or an algorithm. It is when the idea starts to take on form and shape in the entrepreneurs mind. It is the essential first step before they can describe it to others. Concept formation is also likely to involve some form of learning, be that experimentation, observation, conceptualization or some activity (Kolb, 1984). As an example, a student entrepreneur working on a retail concept watched consumer behavior in a related retail environment. A key part of early phase entrepreneurial coaching is helping the student-entrepreneur really *learn*, often through trial and error. That

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

is, they can draw meaning and inferences from their activities so that their concept becomes more coherent and compelling.

Visioning is when the developing model becomes infused with powerful emotions and strongly held belief. The size and scale of the potential idea becomes manifest, and becomes clarified in a form that the entrepreneur can use to enroll others into the early phase venture.

Finally, before the entrepreneur unleashes their powerful vision unto the world, I encourage them to “put it back in the box” again, and develop a compelling **Business Proposition**. It might involve such activities as scanning the industry environment, estimating the ball-park scale of the investment, timing and resources needed; defining market and customer segmentation; assessing risks and potential de-railers; identifying partners and competitors; and scoping production and operations. At this stage, there might still not be any hard numbers or concrete financial projections. However, what ought to be clear is the rationale or the logical explanation for how the venture might be developed. By this stage, the business proposition should appear persuasive and understandable to others.

In my view, only when the entrepreneur has iterated between the four steps - Idea Capture, Concept Formation, Vision Clarification and Proposition Development - should they then progress to invest time and resources undertaking detailed activities we associate with business planning, such as market research, product development and financial analysis. In my view, the tendency to rush into this business planning phase, before becoming grounded in the business proposition, is one reason for derailment and failure in the later phases of the start up process. Moreover, I think investors know this, which is one reason they “cut to the chase”, and “drill down” into the substance of the proposition which can often be buried beneath layers of assumptions and statistics.

As an entrepreneurial coach, I see my role as being able to listen deeply and contextually to what may be only half formed and poorly expressed and tentative ideas. This empathic listening needs to help draw out the idea in a way that still preserves the ownership and authenticity with the entrepreneur. The coach has to be careful not to outsmart the student entrepreneur and try to come up with an even better idea. I need to be sensitive to power, generational and boundary issues that are likely to exist when coaching students. I will therefore propose an approach to coaching which is quite different from the often directive and advisory style that in my experience is often used in accelerator or incubator programmes.

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

Listening, when combined with a process of discovery questioning, can create “double loop learning” (Argyris, 1993), and enable the entrepreneur to look at alternatives and see their idea from a neutral, third person perspective (Bohm, 1996).

Finally, I need to be ready to share feedback, observations and suggestions in a manner that helps the entrepreneur build their idea into a concept. This calls for the right mix of positive affirmation, plain-speaking and acute and insightful observation. For example, a good coach can observe shifts of energy as the entrepreneur describes various ideas and activities, and this can often be a good leading indicator of future readiness, follow through and execution.

If we look beneath the surface of the thinking process, from Idea Capture to Business Proposition, there is a critical psycho-emotive process (Brunning, 2006) that is equally important. Aligning the thinking and feeling processes of the entrepreneur is crucial (Armstrong, 2004). Otherwise, they might pursue smart ideas for which they have poor commitment to follow through, or get carried away with powerful convictions about ideas that are not properly grounded. As a coach, the ability to switch positions to thought and feeling is essential, to ensure that I encourage reflectivity and reflexivity in the student (Schon, 1991).

At the heart of our psycho-emotive processes, I believe, are our underlying motivations (Haidt, 2012). The motivations of entrepreneurs appear to be much more complex and multifaceted than the rationalist position would have us believe (Kahneman, 2011). When asking the proto-entrepreneur, “what are you doing this for?”, I notice that the responses suggest that the attainment of wealth is only one strand in the motivational mix. If we adopt the model espoused by Harvard Social Psychologist, Prof. David McClelland, the pursuit of wealth equates to the extrinsic achievement motive (McClelland, 1975). He describes this as only one strand in a complex mix of motives likely to be present in a work environment. In my observation it is quite common for other motivations to be more dominant. For example, many would-be entrepreneurs are attracted by being your own boss (high personal power motive) or improving the world (social power motive) or from the enjoyment of the collegiality and creative opportunities of working with particular people (affiliation motive) (McClelland, 1975).

My view is that the Mentor Coach plays a critical role in helping the entrepreneur reflect and clarify their own motivational mix. This matters, I believe, because the challenge involved in founding and developing an

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

enterprise requires deep reserves of motivational energy. This is the source of the perseverance and tenacity that is the mark of the successful entrepreneur. But more than this, the founder's motivational profile will make a significant difference to the type of people recruited onto the founder team, and indeed how that team operates. An entrepreneur who seeks a high level of control will behave differently than an entrepreneur who is driven to maximize financial returns. The former will hire expert helpers, the latter will seek partners who can drive value.

Summary

I think that my experiences as Entrepreneur-in-Residence have provided me with the opportunity to make a useful contribution to the understanding of how early phase entrepreneurial activity can be encouraged in educational environments.

As a coach, I have held a privileged and trusted position that has enabled me to notice and support the subtle steps that an entrepreneur takes towards developing an emerging proposition, and to reinforce their underlying thinking and feeling processes that move them forward.

The Role of Mentoring and Coaching in Fostering Early Phase Entrepreneurial Activity

Bibliography

- ARGYRIS, C. 1993. *Knowledge For Action* Jossey-Bass Publishers.
- ARMSTRONG, D. 2004. Emotions in Organizations: Disturbance or Intelligence? *In*: HUFFINGTON, A., HALTON, HOYLE, & POOLEY (ed.) *Working Below the Surface: The Emotional Life in Contemporary Organizations*
- BOHM, D. 1996. *On Dialogue*, Routledge.
- BRUNNING, H. 2006. *Executive Coaching: Systems-Psychodynamic Perspective* .
- COSTLEY, C., ELLIOTT, G. & GIBBS, P. 2010. *Doing Work-based Research* Sage.
- EGGERS, J. H., LEAHY, K. T., & CHURCHILL, N. C. 1994. *Stages of small business growth revisited: Insights into growth path and leadership/management skills in low- and high-growth companies*, Babson College, Wellesley, MA.
- HAIDT, J. 2012 *The Righteous Mind*, Penguin.
- HAWKINS, P. & SMITH, N. 2010. *Coaching, Mentoring and Organizational Consultancy*, McGraw Hill.
- JACQUETTE, D. 2009. *The Philosophy of Mind: The Metaphysics of Consciousness*, Continuum.
- JARVIS, P. 2006. *Towards A Comprehensive Theory of Human Learning*, Oxon OX14 4RN, Routledge.
- KAHNEMAN, D. 2011. *Thinking, Fast and Slow*, Penguin.
- KOLB, D. A. 1984. *Experiential Learning: Experience as the source of learning and development*, Prentice-Hall, Inc. .
- KUHN, T. S. 1962. *The Structure of Scientific Revolutions*, The University of Chicago Press.
- MCCLELLAND, D. C. 1975. *Power: The Inner Experience*, Irvington.
- SCHON, D. A. 1991. *The Reflective Practitioner: How Professionals Think In Action*, Ashgate.
- STOREY, D. J. & GREENE, F. J. 2010. *Small Business and Entrepreneurship*, Pearson Educational Limited