

Seniors as Entrepreneurs

Best Practice exchange

Barcelona, 17th – 18th Sept 2015

Steven Price





EiIL is a not-for-profit organisation helping its members attract, retain and develop their next generation leaders.

Researching issues they'll face in their workplace of the future

Its members are mainly technology-driven companies in the chemicals, energy and construction industries. Through its Leadership Development Board, its members sponsor research into current trends in recruiting, developing and retaining talented technologists into senior management roles.

EiIL was founded in 2003. It is based in Brussels, Belgium

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Presentation given to 'Seniors as Entrepreneurs – best practice exchange workshop'

- Barcelona Sept 2015

Steve Price, Executive Director, European
Institute for Industrial Leadership [EIL]

**The slides referred to can be found on the
EIL web-site**

<http://www.slideshare.net/eilpage/seniors-as-entrepreneurs>

About the EIL [Slides 1 – 6]

[As in the presentation in Barcelona, this is the 'advert' before the interesting stuff – just like on YouTube, feel free to 'skip the ad', but if you're interested in partnering with the EIL on this or other subjects, please take a minute to skim through it]

The EIL is a member-led organisation, established in 2003, with the mission of helping European industry to attract, develop and retain its 'next generation' industrial leaders.

It started, supported by professional engineering associations, with a research study of then current industry leaders into which skills they had which had taken them to their current positions, and which skills they thought would be required by the next generation.

Our members, mainly from the chemical industry and related sectors, are interested in industrial management and leadership issues which will face their next generation leaders, and into which we conduct our own research studies.

We enjoy a very close relationship with industry leaders from some of Europe's largest industrial companies at the very highest levels, and we work with their companies, other Industry Associations of which they are members, Professional Associations and Student Organisations in order to better understand issues facing industry, the future leaders within it, and the people which they will lead.

Leading the Connected Generation

[Slides 6 - 10]

In our recent study 'Leading the Connected Generation' we observed trends related to the recruitment of today's university population, and how the technology improvements which have shaped their interests have also changed the workplace into which they will be recruited.

Today's technology graduates have grown up with the internet, mobile communications and social media. The 'Connected' Generation (Gen C) has a unique set of talents that come from their adept use of the internet and mobile technologies. They:

- aspire to be in control of their own careers, often expecting multiple career opportunities and employers.
- tend to underestimate the significance of building experience and the time required to become effective at managing
- need continuous, timely feedback, recognition and reward, from managers and validation of their career choices and achievements from their peer group

If they are to become 'next generation leaders' in industry they will require considerable changes to happen in the workplace to attract, retain and develop them.

Traditional industries have to focus their resources to become 'cool' and command the attention of Gen C's against competition from the ICT giants. In principal, traditional industries can compete by offering fulfilling roles to Gen C and they have to communicate this effectively. Companies continue to target a limited number of institutions with enthusiastic 'cool' role models who have performed a variety of jobs early in their career, and have travelled.

Generation C will increasingly demand a self-managed, varied career, possibly in multiple companies. Companies must be ready to offer roles (and in-house training schemes as part of these), which can be shown to require (and develop) increasing levels of skills which are readily recognisable and therefore peer-group-approved.

But at the same time, increased automation of plant, manufacturing and business processes has reduced the number of entry-level jobs available to new graduate recruits. Improvements in ICT have also enabled a trend

towards increased fragmentation of our larger companies. Under the drive to focus on core competences, companies are trading their business portfolios and pursuing a slow but steady transfer of skills to service providers who are (ideally) more efficient and responsive. Information Technology is enabling this transfer. The opportunity for today's young professionals to gain the breadth of early career experience enjoyed by many if not most of today's leaders is much reduced.

This phenomenon has also seen the increase in micro-businesses in the last five years which will continue.

These micro-businesses can work alone, for example providing 'trusted advisor' support back to the former parent company (the 'team-around-the-team' concept) but also, and often, in 'assignment-driven-clustered-teams', forming to address short-duration projects and client-specific assignments, and then dispersing on completion.

Engaging such 'expert' providers more flexibly, more effectively, and more efficiently than your competitors is now providing the competitive edge once thought to be possible only if the expertise was held in-house. To ensure the benefit of this flexibility is not lost, the engagement process must be streamlined; providing client companies need a greater transparency of decision / assurance of outcome / less administration, whilst **micro-businesses need reduced cost to sale.**

This research, together with the theme of the Barcelona workshop, reminded me that I had recently presented for the UK's Institution of Mechanical Engineers, Consultant's Group some guidelines on how to position themselves as Consultants if they found themselves subjected to redundancy as a result of this fragmentation. I presented hoping that this categorisation might provide some help to the workshop in understanding the very broad population of Senior Entrepreneurs.

Categorising and Engaging Consultants [Slides 11 – 14]

There's a minute of injury time left. You've been awarded a free kick on the edge of the area. Score and you win the battle against relegation for another season.

Wouldn't it be nice to be able to bring on David Beckham to take the kick for them on a pay-to-play basis – or better still payment by results!?

Here are our perennial strugglers. Part-time professional team Northwich Victoria of the English fifth division. Here's their dream line-up...

This concept is one example of one type of Consultant and the situation in which the benefits of using him are clearly illustrated.

There are many other types of consultant and each can bring an organisation most benefit when engaged in situations for which they are suited best.

I'm going to try to point out eight different types of consultant, why you might use them how best to procure their services to get best results, and where to find good ones.

First, for the purposes of illustration, I'm going to use three axes to describe a range of consultancy services offered by different types of consultant:

- **Generalist** (often readily available) or Specialist (very highly skilled, few competitors, niche)
- **Do for you (Execution)**, or help you do it yourselves (Advice), and
- **Cost of service** (often related to supplier's / customer's perception of value of service)

This is where 'GLAMOUR' comes in. As a Consultant, is your service GLAMOROUS enough to command a high price? As a customer, can you persuade a Consultant his services are not?

This gives us an eight box model, or for ease of two-dimensional presentation, two four box models:

Whilst individual consultants may package their services in a number of these boxes, depending

on the perceived needs of their clients, most would, if pushed, describe their principle offering in terms characteristic of one box.

Recognising the type of consultant available to you, and matching this with what you are trying to achieve are the first steps in getting best value out of engaging a consultant.

In the example in the introduction, it is clear that Beckham (David not Victoria) is a Specialist in his field (free-kick taking), presumably high cost/value, and engaged on a 'do it for you' basis (box 4).

The situation calls for an immediate injection of a skill which the fictitious club could not afford to pay for throughout the season. The nature of their current situation, critical to avoid relegation, would appear to justify the cost and risk of investing in the consultant.

Let's try and give some examples to make this model a bit more tangible:

Box 1 Experienced Engineers Design Engineers / Project Engineers / Project Managers for plant modification projects, or small plant upgrades, revamps, occasionally whole plant expansion projects.

Box 2 Technical Specialists often in a 'un-glamorous' sector. GLAMOUR IS SUBJECTIVE such as pressure systems design, lifting equipment design, safety, quality etc. Can also be 'sleep at night' insurance. Risk and Value Management specialists and environmental consultants sit here.

Box 3 Big Name Contractors Large Contractors – their branding commands high price – the 'value' is purported to be in high number of experts available to cover your job should you need it.

Box 4 Technical Experts 'glamorous' (e.g. Beckham! Hit Man. Surgeon – you pay them to take the risks! Not many in Engineering / manufacturing - 'Big Name' technical consultants. [where Accidenture 'pitch'] NB. When Y2k was a live issue, C++ programmers were in this box for a short time based on high demand – in real life they would have stayed in the 2 or 1 box for their industry.

Box 5 Experienced Managers – a difficult one to illustrate, but we know they're out there! Leaders of in-house change management projects or systems improvements. Often retired senior managers, or second career managers. 'Just Help us through this new Job Re-assessment will you Bob?'

Box 6 Specialist Coaches 'un-glamorous' (e.g. Manufacturing Improvement Engineers)

Box 7 Big Name Consultants Large Consultancies – their branding and previous blue chip client list portrays a capability consistent with the price.

Box 8 Expert 'coaches' / facilitators 'Glamorous' (e.g. strategy / behaviouralists / team builders)

Additionally the generalist / specialist axis can be applied to industry experience as a means of differentiating between consultants.

There may be situations where a 'specialist' who only practices in your particular industry would be considered an advantage. Familiarity with regulatory requirements might be an example here.

Equally in other situations a specialist skill which is practised over a number of different industry sectors can bring benefits of cross-fertilisation of ideas and out-of-the-box thinking. Ideal for step change situations.

Seniors as Entrepreneurs – A Working Taxonomy [Slides 15 – end]

During the Barcelona workshop it became apparent that there were many different interpretations of 'Senior Entrepreneur'. I believe we can reasonably adapt the 'Consultants' model to reflect these differences.

Breaking the total population of Senior Entrepreneurs into those who choose to work, where the income gained from their activity is NOT essential to their chosen quality of life, and those who have to work, where it is, we get two four-box models.

Inside each of these there are two further axes.

Firstly we should reflect whether the Senior Entrepreneur is over state retirement age (and therefore drawing a pension) or under retirement age, where they are not. Secondly

we should reflect whether their preferred type of entrepreneurial venture is simply to provide their own experience to others (e.g. as a Consultant or Expert or Mentor) to create personal wealth, or whether they intend to start a business which will bring wealth to others through employing people (the higher aim of public policy support).

There are different needs of each box, and certainly different perceived needs for support through public policy instruments.

As for categorising Consultants this might be easier if we give some examples to make this model a bit more tangible:

Box 1 Consultant (45-65) Difficult to argue for public policy support. Perhaps simplifying / streamlining corporate tax procedures would be appreciated.

Box 2 SME Owners (45-65) Difficult to argue for public policy support – this box probably covers a significant proportion of working age Europeans. Business incentives to reduce the cost of employing others would be a benefit, but these would be a benefit for any SME owner, regardless of whether ‘Senior’ or not.

Box 3 Senior Expert (65+) ‘Addicted’ to Consulting Difficult to argue for public policy support UNLESS we believe that the economy will benefit **uniquely** from access to their experience. They would be discouraged from remaining in, or re-entering, the workforce if the income they would gain would cause problems with their pension entitlement. They would benefit from any public policy intervention which enabled them to contribute in their own time-frame: possibly reduced working hours, possibly allowing for reducing mobility, increasing ill-health. But... the alternative to Senior Entrepreneurship for these people is happy retirement (towards which they have worked all their lives). We should be careful about statements which say that these people MUST be encouraged back into the workforce.

Box 4 ‘Senior’ (65+) SME Owner - ‘Addicted’ to Running the Business Slightly less difficult to argue for public policy support (than Box 3), since, as with Box 2, any support to encourage employment of others would be a benefit. As owners of their own enterprise, voluntarily choosing to stay on beyond retirement, their needs related to their ability to continue to run their enterprise, and thereby continue to provide

employment, which should attract support. Working through ill-health / limited mobility might be areas to discuss, although presumably, good business practice would cause them to groom their own successor, and thereby maintain a going concern, after which they move to Box 3 as Mentor to their successor.

Box 5 ‘Hungry’ Consultants- I’m not a big fan of the name, but.... These are possibly the guys about whom Maria-José Blanco, Responsible of the Programme for the Creation of Companies at Barcelona ACTIVA, spoke and who may be the biggest group to concern European policymakers. From our break-out session on their needs, this category may have a house to run and children at school / university, and may have been out of work for months or years, having spent 20+ years as an employee. In addition to the needs of any consultant (ease of setting up their business; low company tax and reduction in administrative burden) their needs for support from public policy instruments are related to helping them to recognise their sellable skills; to develop necessary skills to sell these (and also to run their micro-businesses) and creating opportunities to network / find business opportunities. Addressing all these will go some way to reducing the initial fear of starting out alone.

Box 6 ‘Hungry’ SME Owner – Again, sorry about the name, but... Similar drivers to the above group, but these guys have chosen to pursue an entrepreneurial venture which not only self-employs, but also employs others (and therefore, in my opinion, the category providing the best return for public policy support). In addition to the needs of Box 5, this category also needs support to employ its first few employees (currently an extortionate burden in most member states).

Box 7 ‘Trapped’ Consultants – As Box 5, but their age now means that whilst they are less likely to have dependants to provide for, they might need to provide for their own increasing health costs, whilst coping with reducing mobility / failing health and therefore possible reduced working time.

Box 8 ‘Trapped’ SME Owner - As Box 6, but with the likely fewer dependents, but approaching age-related reduction in working capacity of Box 7. The need to find a successor to take over the business as a going concern would exist as for Box 4 – perhaps public policy

could coordinate a market in transferring such ventures to new (Box 6?) owners to mutual benefit of both 'Boxes'.

I trust this taxonomy is helpful to all interested in the field, and anticipate that future workshops to discover the issues and needs of 'Senior Entrepreneurs' will be organised by groups defining themselves with similar characteristics.

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