

BALANCE OF RISK

Tony Goodwin discusses the true meaning of business intelligence within recruitment.

Anyone who has worked in the recruitment sector for any length of time will know that it's one which thrives on entrepreneurship and calculated risk. But does the apparently endless see-saw of fortunes in the industry indicate that this risk is not quite as calculated as we'd like to think?

Over the past year I've spent a lot of time examining what makes an enterprise succeed or fail as part of the research for the book *How They Blew It* which I co-wrote with the business journalist Jamie Oliver.

Growing tired of the endless stories of success in business books, I'd decided we might actually learn more from the failures of the good and the great and consequently covered a whole range of recent financial catastrophes from Bernie Ebbers' WorldCom to Dick Fuld's Lehmann Brothers. What struck me during the research was how much could be achieved by the fostering of entrepreneurial spirit, not just at the top of an organisation, but at all levels and also what damage could be done if this approach is allowed to get out of control.

Nurturing Ideas

This idea of 'corporate entrepreneurship' or 'intreprenurship' as it's known has become highly fashionable of late. And, at first sight, there's no arguing with the fact that it looks like a great idea.

Too many businesses seem to seize up as they get bigger and the creative spark that made them successful in the first place can all too often get snuffed out by bureaucracy, conformity and a lack of innovation.

What better way to deal with this than to unleash the mavericks and let them shake up the system? But hold on just a second. Wasn't it mavericks at Enron, the infamous 'smartest guys in the room', who came up with the bright idea of using mark to market accounting? And wasn't it unnamed mavericks who persuaded financial services CEOs like Northern Rock's Adam Applegarth that sub-prime mortgages were a neat idea? In fact weren't these precisely the people who gave us all, and recruitment professionals in particular, a very uncomfortable 2008 and 2009?

Professor Valerie Bouchard of the EM Lyon business school believes this sort of view is far too simplistic. "There's a big difference between an intrapreneur with the right training and a rogue trader," she says. "True entrepreneurs, whether they are setting up their own business or operating within a corporate structure don't neglect risk, they manage it. Effective intreprenurship is all about harnessing the innovative resources present in any thriving business, whilst keeping the reins on over-adventurous employees.

That means creating an environment which encourages new ideas, new approaches



and new methodologies, but one which also builds in robust checks and balances."

So how do you go about becoming the sort of corporate entrepreneur who will give an organisation vital competitor advantage as the recruitment market heads for the next round of the war for talent? And how do you avoid becoming the sort of individual who might appear in the follow up to *How they Blew It*? Fortunately Professor Bouchard has used her experience of successful intreprenurship to analyse what works and what doesn't and has turned it into a handy ten point check list of common mistakes to avoid:

- Thinking and acting like an independent entrepreneur
- Counting on generous budgets, unlimited help and general goodwill
- Relying on a single powerful sponsor
- Taking too much notice (or no notice at all) of an immediate superior
- Making a project visible too early
- Concentrating on technical issues at the expense of the business plan
- Ignoring similar or competing projects within the organisation
- Postponing 'doing the numbers'
- Failing to clarify expected rewards in case of success
- Identifying too closely with a project

Although I might not have Professor Bouchard's academic qualifications I have built a multi-national recruitment business from scratch and had my share of ups and downs along the way. So these would be my additions to what to do and not to do to make your entrepreneurial mark:

Believe in yourself, but don't believe the hype. Successful Romans used to go around with a slave who would occasionally point out they were only human. You are too.

Accept the mundane. Hundreds of small details make for a successful business. Often these details are not incredibly exciting. Even more often they are not particularly intellectually stimulating or the least bit interesting. But the detail is critical, perhaps the most critical aspect of the entire business. So don't forget it.

If you don't understand something, others will mislead you. Former Enron hotshot Jeff Skilling told the admissions tutors at Harvard Business School that he was "f*****g smart". So smart, in fact that he is currently serving 24 years behind bars for fraud.

Make real money. Oddly enough the businesses that last are those built on solid foundations. Clever ideas are great but if you can find some way of making real cash on a sustained basis I won't be writing about you anytime soon. ■

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