



Clutterbuck  
Associates

## **MENTORING THE SMALL BUSINESS**

**Prof. David Clutterbuck**

Small business mentoring is a rapidly growing phenomenon. One of the driving forces for this growth is that the primary cause of business failure is often that entrepreneurs put so much time, energy and resources into growing the business that they fail to invest in developing themselves. Eventually, the competence gap grows to the point where the entrepreneur and the business fall in.

Mentors help small businesses in a variety of ways. For example:

- Helping the entrepreneur acquire the skills and knowledge they need to keep up with the evolution of the business
- Being a sounding board for difficult choices and decisions
- Reinforcing the entrepreneur's self-confidence and self-belief
- Helping the entrepreneur focus on what's important rather than what's urgent; and upon the big picture
- Guiding the entrepreneur through difficult transitions, such as bringing in professional management or handing over responsibilities to the next generation in a family business
- Helping the entrepreneur think through how they manage key relationships, both within and external to the business.

Because small businesses are typically very “needy”, it often happens that the roles of mentor, consultant and non-executive director are confused. Some overlap is inevitable, but role clarity is important, for the protection of both the mentor and the client. (For example, many countries' legislation on “shadow directors” may establish onerous liabilities on the mentor, who behaves like a non-executive director.)

One way to distinguish between these roles is according to where the primary responsibility is focused. The responsibility of a non-executive is firmly with the business; if there is a conflict of interest between the business and the CEO, the non-executive has to put the business first. The primary responsibility of a mentor is to the client. For a consultant, primary responsibility will vary according to the contract and purpose of the engagement, but typically boils down to who is paying the bill. All three, of course, also have wider legal responsibilities relating to the acquisition and use of information about the company and its practices.

Another broad distinction is that the non-executive is there to monitor and maintain the viability of the business; the consultant to focus on specific problem and systems within the business; and the mentor to support the CEO and enhance the quality of his or her thinking about the business. When a mentor is asked to step out of role – for example, to assist with writing the marketing plan, because he or she has a strong background in marketing – it is important for them to ensure that the client understands that that is a consulting activity. If you feel that this would undermine the mentoring relationship, for whatever reason, it is best to respond by recommending an alternative person to carry out the consulting activity.

Some of the dilemmas small business mentors face include:

- Do I mentor the CEO alone, or his/her senior team as a whole?
- How can I help him/ her address the big picture, when there are so many urgent tasks to be done?
- What if the main problem with the business is the owner / entrepreneur himself/ herself?

*Do I mentor the CEO alone, or his/her senior team as a whole?*

The dynamics of mentoring individuals are significantly different from those of mentoring or coaching a team. For example, the CEO's direct reports are likely to be less open with someone, who also mentors the boss. It's important to negotiate the expectations of all the parties involved and to clarify:

- how much of the mentoring will take place collectively and how much individually
- everyone's expectations regarding confidentiality.

Problems most commonly occur where the top team members have very different levels of influence and authority. In these circumstances, it is usually best to avoid collective coaching entirely and focus on one-to-one. Some experienced business mentors insist that they will work with the CEO, or with individual top team members, but not both at once.

*How can I help the CEO address the big picture, when there are so many urgent tasks to be done?*

The mentoring session itself is an opportunity for reflection, but the mentor can help the CEO identify other occasions, when they can step back and explore issues from wider perspectives. The mentor can also ensure that at the end of each meeting they leave the CEO with a significant question to consider. It's important to work with the mentee's agenda, without imposing one's own, yet helping them place their issues in a wider context, where appropriate.

*What if the main problem with the business is the owner / entrepreneur himself/ herself?*

It is surprisingly common – one estimate suggests as many as one in three small business mentoring relationships – that the mentor helps the owner/ entrepreneur recognise and come to terms with their own limitations as a leader of the business. Some of the time those limitations can be addressed by finding talented people to back up the client; in other, rarer, cases the solution may be that the client exits from the business entirely. In these circumstances, the responsibility of the mentor is to help them acquire and accept evidence, to support them in accepting where they help and hinder the business, and to understand and manage their own motivations and emotions. (It is not to find them a replacement!) This is one of the toughest tasks for a mentor in any environment!

*What if I'm asked to take a stake in the business?*

Being an effective mentor requires an independence of view. Investing in the business would bring a serious conflict of interest.

### **Some key mentoring questions for the owner/ manager**

- Where do I find time and opportunity for my own development?
- Who can I rely on to challenge me in a positive way? (Sometimes the mentor is the *only* person to do so!)
- How do I change my style of leadership in line with the changing needs of the business?
- What do I want to achieve personally? What are my options?
- How do I get a life outside my business?

### **Who will make a suitable small business mentor?**

Because the mentor is not a non-executive director or a consultant, specialist knowledge of the industry, which the small business is in, is not particularly relevant and may in fact be a hindrance – too much knowledge can limit the range and quality of dialogue. It is much more important to have:

- broad business experience, ideally with some prior experience of leading and growing small businesses (middle managers from large organisations may find it particularly difficult to emphasise with and understand the entrepreneur's issues and perspectives)
- strong skills of strategic planning and communication

- a track record of effective leadership
- sufficient competence in behavioural development to help the CEO understand his or her motivations and behaviours
- an ability to accept and work with the entrepreneur's individual mix of personal and business goals

In practice, some of these characteristics may have to be compromised when the supply of business mentors is thin; however, candidates lacking several of these qualities may potentially do more harm than good!

People to avoid as small business mentors include:

- anyone who likes the sound of their own voice
- technical experts with a narrow field of interest
- most Bank managers (too narrow a perspective on the business)
- anyone likely to want to interfere in the business or tell the owner/ entrepreneur what they should do
- anyone, who has an existing interest in the business (e.g. a supplier or customer)

*If you would like to receive David's latest articles by email,  
please let us know at [info@clutterbuckassociates.co.uk](mailto:info@clutterbuckassociates.co.uk)*

### **Clutterbuck Associates**

Grenville Court  
Britwell Road  
Burnham  
Bucks, SL1 8DF  
UK

T: +44 (0) 1628 661667  
F: +44 (0) 1628 661779  
E: [info@clutterbuckassociates.co.uk](mailto:info@clutterbuckassociates.co.uk)  
[www.clutterbuckassociates.co.uk](http://www.clutterbuckassociates.co.uk)