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Entrepreneurial Soft Skills

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In 2019, Youth Business International launched the research ‘Entrepreneurial Soft Skills for the Future: a scoping study’. The research has been commissioned to guide us in developing a new soft skills training provision, and to contribute to the wider debate. It draws on an extensive literature review; a survey and interviews with Youth business International (YBI) members; and interviews and informal conversations with entrepreneurship experts outside of YBI.

The research presents a new entrepreneurial soft skills framework that outlines four categories of skills: intra- and interpersonal; create and solve; information, opportunity and risk management; and growth mindset. Each skill group includes a number of today’s skills and future skills that should be considered in any entrepreneurship support programme.

YBI is now developing a soft skills training programme, comprised of 12 modules, each one encompassing one or two skills from the framework mentioned above.

Below we present the concept of each soft skill.

INTRA AND INTER-PERSONAL SKILLS

Positive Self-Concept

Our ‘self-concept’ is how we think about, perceive or evaluate ourselves. It includes self-esteem (how comfortable we are with ourselves), self-confidence (how much we believe in our own abilities), and self-efficacy (our belief that we can achieve the goals we set ourselves). A ‘positive’ self-concept refers to being realistic about who we are, knowing our own strengths and weaknesses, knowing our potential and our limitations. Self-awareness is therefore the key to a positive self-concept – we must be able to look at ourselves objectively, be sufficiently (but not overly) proud of our strengths and potential, be honest about our weaknesses, fears and limitations (but not controlled by them). Someone with a positive self-concept understands the tools they have to succeed (strengths) and also recognises where they have to work to get new tools (overcoming weaknesses). Someone with a ‘negative’ or ‘unhealthy’ self-concept might give up easily because they think “I’ll never be good at this”, or they might fail because they are over-confident in their abilities and not anticipate difficulties.

In business, it is important to have a positive self-concept to be able to make realistic decisions based on our own capacities, judge risks, set realistic goals in line with our beliefs, maintain motivation, take on accountability for our own actions and know when to ask for help.

Emotional & Social Intelligence

Emotional and social intelligence is “the ability to be aware of our own and others’ feelings, in the moment, and use that information to manage ourselves and manage our relationships (*The institute*

of *Emotional & Social Intelligence*). It is an understanding that our feelings/emotions can influence the way we think or behave – for example, we might accept an invitation to a party if we are feeling happy, but we might refuse the same invitation if we are feeling sad or angry. It also means that our emotions can have an impact on how we interact with other people.

Emotional intelligence is focused on our own emotions & behaviours. The first step is to become aware of our own emotions at the time we are feeling them (not after the feeling has changed). This can be difficult to do as strong emotion can take over the logical, rational part of our brains, so practice is required to develop this skill. The next step is to manage our actions when we are in an emotional state – if we are stressed, angry or very happy, this can affect our judgement, making us worse at judging risks, or making rational decisions. For entrepreneurs, a combination of understanding that emotions can influence behaviours and the ability to recognise their own emotions are vital tools to stop them taking unnecessary risks or making poor decisions.

Social intelligence works in the same way, but focusing on other people rather than ourselves. Socially aware people can recognise when another person is in an emotional state, and understand that this other person might say or do things as a result of their emotions, rather than as a result of logical thought. A socially aware person will use this information about another person's emotional state to change their own behaviours when interacting with that person, in order to manage the relationship more effectively. For entrepreneurs, this is a vital skill when working with customers (for example, dealing with complaints or designing products/services), suppliers, partners and even investors.

Emotional and social intelligence includes a number of different skill areas, including self-awareness, self-control, empathy & compassion, active listening, influencing.

Persuasion & Negotiation

Negotiation is a dialogue between two or more people or parties intended to reach a beneficial outcome over one or more issues where a conflict exists. This beneficial outcome can be for all the parties involved, or just for one or some of them.

People negotiate daily, often without considering it a negotiation. Negotiation occurs in organisations (including businesses) and in personal situations such as marriage, divorce, parenting, etc.

Negotiation involves coming to an agreement regarding a particular matter and one of the critical skills in this context is the ability to persuade or convince another person. But there is a slight difference between Negotiation and Persuasion.

Negotiation is a process which requires both parties to be able to vary the terms. The very nature of negotiation requires both parties to move closer together to achieve a compromise. Persuasion or influencing on the other hand is the process of getting the other side to do what you want them to do.

To be an effective negotiator you need to recognise when and how you need to use persuasion skills. This is likely to happen at points in the negotiation where you do not seem able to agree, so you need to be able to persuade your counterpart to understand and accept your position or persuade others to change their views.

Working with others

There is no better approach to solving challenges than the famous saying "two heads are better than one."

Collaboration is a powerful tool for all business owners, regardless of the industry you are in or the type of business you have. It is the connections you form with others, and the different ways you collaborate with those people you formed connections with, that will help you grow your business to new levels.

Successful entrepreneurs have a common interest in meeting new people and building a list of contacts and colleagues. Being successful in business requires that you consistently make connections and form alliances. If you continued to network with and sell to the same group over and over again your business would probably be set up to fail.

While every contact you make may not result in collaboration, every time you reach out to someone to explore the possibility, you are expanding your network.

To be successful entrepreneurs need to establish relationships with various types of partners who are willing to commit, rather than searching for potential partners who might not be available or motivated.

Collaborating and partnering with others is the best way to bring new resources into an existing business or an entrepreneurial project. An entrepreneur who work alone is limited to the resources that she has (such as knowledge, experience, tools, network, money etc.). As soon as she builds partnerships with other people, she engages with new partners with different and surprising perspectives and she has access to a variety of other resources that she didn't have or couldn't access before, benefiting her business directly.

And in this new and modern world we live in, working with others means collaborating not only with individuals, but also with networks, crowds and movements, and not only in in-person contexts but also online settings.

Working with others involve 3 sub-skills: Networking, Inspiring others and Leadership, that will be discussed separately during this module.

CREATE AND ACTION SKILLS

Ideation & Creative Thinking

Ideation is quite simply the process of generating new ideas. This is often not as easy as it sounds, however, as we are often restricted by our unconscious assumptions, biases and societal pressure. We can easily ignore potentially good ideas because our brain disregards them as silly, unworkable or impractical. This stifles creativity and innovation.

Many forces can stimulate creativity: desire to improve products and seek opportunities; necessity when changes in circumstance mean the status quo is not possible; pain points in the daily lives of customers and clients. Vital steps towards that are often missed by entrepreneurs before they start to ideate or search for creative solutions is gathering data, understanding the underlying drivers and

clearly defining the issue. This can usually only be done by speaking with or observing real people to find out how they view the particular issue; it cannot be done from sitting alone behind a desk. Design thinking, lean start-up and creative problem solving all demand that entrepreneurs speak with their customers and clients to really understand their drivers. Without this understanding creativity can be misguided.

Our own creativity is often limited by our own world view. As individuals we have a single perspective on the world and therefore our thoughts and ideas often flow along these familiar channels of perspective. A way to increase the number of perspectives in the ideation process and therefore increase the number of creative possibilities is to bring in other people. Co-creation is the process of creative design or problem solving that brings people with diverse perspectives (for example, manufacturers, clients and marketers) to give input on an issue from different angles. Many companies now involve their customers in designing new products or improving existing ones. Entrepreneurs can often be resistant to bringing others into their creative processes as they can feel like it is giving up control or risks their intellectual property. Helping them overcome these internal barriers can give them access to many more creative opportunities and solutions to problems.

Decision Making

Decision-making is the process of identifying and choosing alternatives based on the values, preferences and beliefs of the decision-maker. Every decision-making process produces a final choice, which may or may not prompt action.

Decisions can be made through either an intuitive or reasoned process, or a combination of the two.

Intuition is using our 'gut feeling' about possible courses of action. This 'gut feeling' is a combination of past experience and personal values. It is worth taking intuition into account, because it reflects our learning about life. It is, however, not always based on reality, only on perceptions, that might not be accurate. It is therefore worth examining our gut feeling closely, especially if we have a very strong feeling against a particular course of action, to see if we can work out why, and whether the feeling is justified.

Reasoning is using the facts and figures in front of us to make decisions. It has its roots in the here-and-now, and in facts. It can, however, ignore emotional aspects to the decision, and in particular, issues from the past that may affect the way that the decision is implemented.

Intuition is a perfectly acceptable means of making a decision, although it is generally more appropriate when the decision is of a simple nature or needs to be made quickly. More complicated decisions tend to require a more formal, structured approach, usually involving both intuition and reasoning. It is important to be wary of impulsive reactions to a situation. One way to do this is to apply the two aspects in turn. It's useful to start with reason, and gather facts and figures. Once we have an obvious 'decision', it's the turn of intuition. How do we feel about the 'answer'? Does it feel right?

If not, we should have another look, and see if we can work out why not. If we're not emotionally committed to the decision we've made, we won't implement it well or effectively.

There are a number of problems that can prevent effective decision-making. These include: not enough information; too much information; too many people; vested interests; emotional attachments; no emotional attachment.

Action Focus

A major area of weakness for many young entrepreneurs is a lack of proactivity. The reasons for this can be various – a lack of confidence, fear of failure, poor time management, lack of enjoyment, and perfectionism leading to too much time spent on planning. The results are also various – it can lead to missed deadlines & opportunities, loss of focus, and generally not progressing in business.

This module aims to tackle this lack of proactivity by encouraging entrepreneurs to identify and admit to the barriers that prevent them from taking action. It also introduces a strategy of taking small, low risk actions, prototyping and working within one's area of control – this makes taking action easier by reducing the fear of failure and showing that actions don't have to be a great effort.

INFORMATION, OPPORTUNITY AND RISK MANAGEMENT

VUCA Skills

The world we live in be becoming increasingly uncertain and complex. Populations are changing around the world, either through migration, ease of travel, or other demographic change. New technology means that the way we live, do business and what we buy/sell is changing more rapidly than ever before. Technology also increases volatility in the marketplace, with new businesses regularly disrupting traditional models.

This new world has been described as VUCA: a world that is Volatile (more unstable), Uncertain (more difficult to predict), Complex (less simple), and Ambiguous (less clear). All of this places strains on all entrepreneurs as they are not able to plan as effectively as in the past if their future is becoming more uncertain.

Entrepreneurs therefore need to develop skills around managing and mitigating the risks that such a world presents, and becoming comfortable with these risks. To be able to manage risks, entrepreneurs must be able to interpret complex information to help them reduce the uncertainty in their business.

The module also builds on elements of emotional intelligence (self-control) and grit (self-motivation despite setbacks, perseverance & resilience).

Maximising Opportunities

Entrepreneurs need to be able to recognize, create and exploit market opportunities to start a new business or launch a new product/service. Business opportunities need to fit a market need and adapt to the resources the entrepreneur has available or can access through their networks.

'Maximising opportunities' involves the skills an entrepreneur needs to seek, recognise, assess and action on entrepreneurial opportunities that can generate profit for their businesses (or social impact,

when it comes to social entrepreneurship). This should be an ongoing process for entrepreneurs to maximise the chances of business survival and scalability.

While opportunities can be said to exist in some abstract sense, they only become real when combined with the qualities of the entrepreneur. That is, there are 'opportunities for someone' and 'opportunities for me'. A given 'opportunity' out there may be a real opportunity for me if I possess the right profile to pursue it.

Therefore, entrepreneurs need to first identify their own profile – the things they like, their knowledge, their experience, the networks they are part of. Then based on that, they can identify potential opportunities and test them in the real market to try and find a product-market fit. A business created to meet the new market opportunity is more likely to be successful than the ones created out of a product/service idea that does not fit the market.

GROWTH MINDSET

Future orientation

As we have seen in module 4, the world is changing at an unprecedented rate and even the near future is becoming increasingly uncertain. This makes predicting the future state of the world in which businesses operate is increasingly difficult for entrepreneurs. This uncertainty can be paralysing and demoralising – what is the point of planning for a future that might not come? This can lead early stage entrepreneurs lose motivation and proactivity, which we have seen are important traits for entrepreneurial success.

This module seeks to re-empower entrepreneurs by allowing them to focus on part of the future they can control – *the type of person they will be in the future*. Quite often adults forget that we can learn, change and evolve constantly. Many people believe that we are more or less fixed in our skills and traits once we reach adulthood. However, successful entrepreneurs never stop working on their own personal development – learning new relevant skills, unlearning what is now outdated, strengthening areas of weakness.

One way to continue personal development is to take part in a course or training, such as this soft skills programme. However, this requires valuable resource – time and sometimes money – and is not always tailored to the specific needs of the individual. If we empower entrepreneurs to take control of their own learning and development, and motivate them to seek developmental opportunities throughout their life, they will continue to develop even after this programme has finished.

This module therefore seeks to: show entrepreneurs that they can constantly learn, change and develop; demonstrate the power of that learning for both their personal lives and their businesses; make them aware of the areas where they need to develop; and motivate them to seek out learning and developmental opportunities.

Grit

Why do some people succeed and others fail? Angela Duckworth carried out extensive research and found out that talent and intelligence do not guarantee success. She found that grit—a combination of passion and perseverance for a singularly important goal—is the biggest predictor of high

achievement in every domain. She's also found scientific evidence that grit can be developed over time. She states that there are 4 key ingredients to grit:

Interest: this is where passion comes from. You're unlikely to pursue something for a long time if you aren't genuinely interested and find it meaningful.

Practice: to keep doing something on a regular daily basis in order to become good at it, recognising that getting better at something requires hard work which can be uncomfortable, and not giving up despite that discomfort. It is also important that practice is not random, but focuses on areas of weakness that can be improved.

Purpose: Purpose means feeling like your work matters to you and the world. Duckworth's research found that people motivated by altruism measured higher in grit than those motivated by personal pleasure.

Hope: According to Duckworth, hope defines every stage of grit and is "a rising-to-the occasion kind of perseverance"

Agility

It is a common misconception that entrepreneurs must be headstrong, single-mindedly pursuing their vision without hesitation. Indeed, grit – the ability to remain focused on goals over the long-term in spite of difficulties – is very important for entrepreneurs. However, more important is knowing when to change direction, when to flex or adapt to new circumstances rather than stick to our original vision – in the language of Lean Start-up, when to persevere and when to pivot.

In the reality of a constantly changing world, entrepreneurs must learn to adapt so that their businesses can remain relevant in new contexts. For example, as home food delivery services in some countries have meant many people preferring to stay at home to eat, some restaurants have adapted their services to offer take-out options where they only offered dine in before.

Agility includes an entrepreneur's capacity to adapt, flex, evolve, compromise and change. All of these seem sensible and logical things for an entrepreneur to do when circumstances shift. But the emotional impact of these actions can be very difficult for an entrepreneur to cope with. With change and adaptation come feelings of frustration, disappointment, fear and anger. Many entrepreneurs who feel they have a great business idea/model often refuse to compromise or adapt it even if it fails to gain traction, because of the disappointment this brings. Those who have spent months planning their launch can get frustrated and angry if external circumstances mean they have to change.

Helping entrepreneurs increase their agility means helping them to let go of the negative emotions associated with adaptation and change by allowing them to focus on "what is possible in the current reality", rather than "what would have been possible if only...". This will in turn make entrepreneurs more will to step outside their comfort zone, embrace alternative approaches and be able to make an informed decision about whether they should persevere or pivot.