Striving to Thriving: Servant Leadership in Entrepreneurial Growth

Joshua J. Clark
School of Business and Leadership, Regent University
Roundtable: Servant Leadership

Abstract

The arduous demands of entrepreneurship lead to a high rate of business failure in the early stages of development. A critical factor in their failure to thrive is the founder's willingness, or lack thereof, to adapt roles to fit the organizational needs. Research has identified the stages of small businesses and the organization's needs within these stages. Many professionals recognize a significant problem in transitioning from mere survival to success. For leaders to transition, the founder needs a significant shift in responsibility and involvement. With this shift, growth is likely. This paper aims to solve this problem by addressing several components of this shift. The founder must remove themselves as the primary manager of tasks to a manager of people; they must move from the doer to the CEO. By looking at historical accounts of the Greek and Roman empires, leaders can draw valuable information for making such a shift. The Greeks operated in dispersed, autonomous, and highly individualized city–states. Each location had individual governance. In turn, the Romans had a centralized, controlled, and singular rule over the empire. Their temples, dedicated to their gods, resemble their governing authority. The Greek temples were spread out, each in dedication to a particular god. These gods had singular domains, often resembling the local people's characteristics. The Romans had the Pantheon—the home of all the gods. For a god to be seen as legitimate, its presence must be in the Pantheon. The Greeks were decentralized; the Romans centralized. This approach led to the Romans ultimately conquering the Greeks. For entrepreneurs looking to leap from surviving to thriving, emulating the Roman's approach within strategy and design is beneficial. Such an approach is seen with Apple. By intentionally developing the strategy and design in a unified approach, entrepreneurs are equipped to make the leap to success. However, to do so, leaders must become a servant to the organization and the people it serves. By offering themselves to others, the founder can equip and uplift the leadership team to transition into their new roles. With a new design and strategy for the organization, responsibilities will shift. The founder's new role is to first serve others in making the

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shift and then to continue serving through organizational growth. For leaders to move from surviving to thriving, they need a change in their roles and responsibilities. This shift will take place by serving others and integrating this approach into the strategy and design of the organization.

Keywords: Entrepreneurship, Servant Leadership, Strategy, Organizational Design, Small Business

Entrepreneurship is often covered in the media and discussed widely across social media. The image of a life by design, living with no boss, and creating your schedule portrays a duplicitous reality. While entrepreneurship brings many benefits to both society and the individual, entrepreneurship is arduous. For founders, much attention is given to mere survival; however, thriving is possible but requires a significant change in mind. The founder must adapt to new roles, take on new challenges, and face uncertainty. This paper begins by outlining the five stages of small businesses and identifies an important issue within the stages. The problem is addressed with historical failures and successes. Building off the Roman Empire, design and strategy are brought together as a method of success. Finally, the leadership style of the founder is essential to the effectiveness of this transition, and by serving those affected by the organization, the leader equips them for the inevitable change.

Problem

The media often depicts stories of young entrepreneurs rapidly innovating their way to stardom. They blaze through the stages of growing a business and ultimately conquer the world with their cutting-edge organization—from start-up to conglomerate. However, in most companies, the operation is different. Over 20% of small businesses fail within the first year of operations, and nearly half fail by the end of 5 years (U.S. Bureau of Labor Statistics, 2016). The rate of failure is higher in smaller firms than in larger ones. Entrepreneurship is arduous and often not as glamorous as the media portrays. To thrive in an ever-changing global economy, businesses must remain agile and continue growing (Jokinen, 2005). The challenge lies within the growing firm; change is inevitable, and new challenges arise as the firm grows. The organization's founder faces dynamic issues and requires a shift in responsibility, role, and involvement. Without adapting, organizations fail. The founder's openness to change is imperative to move past mere survival into a thriving state. The leader must change as the organization does.

Five Stages of Small Businesses

Churchill and Lewis (1983) provided a model of the five stages of small businesses to better understand the progression of the small business. To move an organization from surviving to thriving, one must appreciate the implications of each stage: *existence*,

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survival, *success*, *growth or disengagement*, *take-off*, and *resource maturity*. As a business moves from one location to the next, new problems emerge, requiring the founder to adapt to a new role and take novel action.

The earliest stage of an organization begins as a struggle to exist. At this point, the founder is the primary operator and administrator. All work moves through the founder, and the organization's responsibility is to fight to exist. Once an organization finds its footing, it moves into the survival stage. In this stage, the owner and organization, which may only be a few other employees, start to understand the customer's needs and identify the organizational strengths. Demands are growing, and the organization fights to survive and find its identity.

In Stage 3, the organization begins to succeed. Demand for services or products rises; it is healthy and growing. The owner relinquishes some control by delegating tasks to other operational managers. However, the owner still holds the most responsibility regarding strategy and operations. A decision will be made to move toward either disengagement or growth. The decision is on the owner and based solely on the owner's life desires. In the disengagement route, the owner begins to step away from the organization to pursue other ventures—personal or professional. In the growth route, the owner buckles down and strategizes toward rapid growth.

If the growth route is sought, this growth will lead to the take-off stage. Here, the organization undergoes a full-blown attack toward rapid growth. Debt is accrued to produce the resources necessary to facilitate development. An executive staff is needed with specialized skills and knowledge. The organization's design grows horizontally and vertically with increasing complexity. The owner cannot sustain the sole decision making required at this stage. The owner's responsibility is to shift from the owner/operator role to that of a founder/CEO, with the executive staff to support. If the shifts in this stage are successful, the organization moves into the final stage.

In resource maturity, the organization stabilizes into its new growth. It grounds itself and works to capitalize on the benefits of size while maintaining an entrepreneurial mindset. The goal in this stage is to keep its market by closing its eyes to new opportunities for continued growth. At this stage, the owner's role is a visionary, separated from the organization's daily operations.

The Problem Gap

Understanding the changes in the organization and the role of the founder is essential for the viability of the business during times of growth. However, understanding and doing are different. The shift from a hands-on operator/owner to a removed strategist or CEO is particularly challenging for founders to transition. Jim Whitehurst, the CEO

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of Red Hat and former COO of Delta Airlines, commented on this issue in an interview with Joel Trammell (2017a):

Being a leader AND a doer is important in a small company. As you grow though, the ability to stop doing vs. orchestrating is important… I think that's where a lot of companies get into trouble. Small company people can't run big, because they can't let go. They can't stop doing. Most big company people couldn't run a small company, because they can't actually do. (see also Trammell, 2017b)

Whitehurst (Trammell, 2017a) pointed out the challenge of the transitions in Stages 3 and 4 of small business development. Many businesses operate entirely in existence (Stage 1) and survival (Stage 2), never breaking the threshold to success (Stage 3) or beyond. In other words, "they can't let go." So, how do owners make the shift from doing to orchestrating? How can they let go? The answer to these questions goes well beyond the realm of business. A look into human history can guide our decisions today and help owners take that leap.

Solution

Much of business today is forecasting, trying to predict the future. Indeed, strategizing is needed, which is discussed later. However, looking into the past can give insight into the nature of organizing people. An organization is people brought together for a common purpose, to achieve something that an individual could not. In turn, a look into ancient authorities—the Greeks and the Roman Empire—and comparing them to contemporary organizations will illuminate the problem of moving from surviving to thriving in modern business.

The Ancient Greeks and the Roman Empire

The ancient Greeks were a creative people. They expressed themselves through art, religion, politics, and philosophical thought. Philosophers like Socrates, Plato, and Aristotle shaped how much the Western world thought and continues to think. They ruled as separate city–states until the Romans eventually conquered them (Young, 2023). With command over the entire Italian peninsula, the Romans ruled for centuries—truly one of the predominant forces in history.

The peculiar thing about the Roman Empire is that they were not always a powerhouse. They started from humble beginnings. Many surrounding territories had significantly larger armies with considerably more domain at their inception. However, the Romans continued to thrive, growing in size and influence over the years, eventually taking over the entire peninsula, including Greece. They began small and spread throughout the whole known world. What separated the Romans from the rest? If military force was not the root cause of the growth, what was it? Some ancient historians attribute the

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Roman structure as the critical element of dominance (Calvert, 2023). In other words, they were organized better.

As a governing body, the Greeks ruled as separate city–states. Each region ran as an independent government within the greater Greek authority. They served their own needs and desires. The structure of their governance is seen through the expression of the gods. Each Greek god held distinct characteristics, strengths, and weaknesses. They ruled over a particular domain. For instance, Aphrodite was the god of love and beauty; Poseidon was the god of the sea. They ruled over their domain, contributing to the larger narrative of the gods. Temples were built individually in the worship of a specific god. These temples were dispersed across the various city–states; control was decentralized. Such structure allowed for autonomy within each city–state. Much of their creative expression was an offering to their specific god. Their democratized government allowed for the expression of the people, debate, and the pursuit of a virtuous society.

In many ways, the Romans emulated the Greeks. They revered their ways of thinking and adopted many of their teachings. The Roman gods resemble the Greek gods; however, the structure varied greatly. Rather than a decentralized state of government, the Romans were led by the Caesar, their emperor. Under Roman rule, each territory aligned itself with the Roman Empire's grand vision. They did not work autonomously. Each state worked to serve the larger governing body. While many of their gods resembled the Greeks, the order resembled the structure embodied by the governments. Greeks were decentralized, with temples spread out. While Rome had many temples, all were subservient to the Pantheon, also known as the Temple of All the Gods (MacDonald, 2002). The Pantheon symbolized unity, a sense of conformity to the rule of Rome. For a god to be considered legitimate, it had to be added to the Pantheon.

Compared to modern organizations, the Greeks resemble the start-up entrepreneurs who garner much of the media's attention. Their creativity and innovation are inspiring yet decentralized. Without a clear structure, they eventually lead to collapse or to be acquired by a more prominent firm (Ackermann & Eden, 2011). Many Greek ideas lived on but only through the Romans, who acquired them through a hostile takeover. In turn, the Romans began humbly and grew to conquer the known world. In the business world, they would be considered the Apple computers of the free market.

Beginning in a garage, Steve Jobs and Wozniak inspired others around them to capitalize on an emerging technology—the personal computer. Over time, their entrepreneurial efforts became the most prominent business in history (Isaacson, 2011). As they grew considerably, their products and services diversified. While their influence spread horizontally, each department rallied behind a shared vision and strategy. The organization was designed so that each department served the company's

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larger vision. Jobs crafted and supported this vision, and when removed, the company suffered greatly, eventually bringing him back to reconnect with its visionary roots. When considering how the founder of a small business can leap from merely surviving to thriving, recounting the rule of the Roman empire and their resemblance to Apple serves as a guide. Strategy and design work in unison to foster growth.

Strategy

To move from surviving to thriving, the founder must formulate a vision for the organization (Barna, 2018; Bass, 1990; Scott et al., 1993). The vision will guide the organization and help create the strategy of the organization. Often, the emphasis falls on the differences between a mission and a vision statement. Both have their purpose, but many organizations fail to create either in a way that inspires others. To a founder moving toward growth, a clear statement outlining the organization's overall purpose and how it is pursued will suffice. The message must be clear and concise; all people, including those outside the organization, should understand the statement. It must be inspiring and challenging to those involved. The scope is to move well beyond the organization's current state—it may even seem impossible. The purpose will likely outlast the founder, and that is the point.

The organization's strategy must include the founder's role change to support the overall purpose. The organization must shift from a founder/operation position to an executive team approach. The design is structured to support this strategy in preparation for this shift. Without this positional change of the founder, growth is inhibited.

Once a clear purpose statement is formulated, the founder must identify the organization's strengths and weaknesses. The strategic plan of the organization capitalizes on the strengths of the organization to gain a competitive advantage in the marketplace (Hughes et al., 2014). To do this, identify the few essential business functions that provide the organization the most opportunity. Available resources, strategy, and design must align to capitalize on these strengths to support the organization's purpose. This focuses the efforts of the organization. Rather than giving equal resources to all opportunities, the most promising opportunities are given the most attention. An impact is made by exploiting the organization's distinct differences.

Goals and objectives for the organization, divisions, and departments must all align to support the overall purpose. These benchmarks outline what is expected of others and provide checkpoints to ensure the efforts made are on track. To successfully integrate the goals and objectives, leadership must communicate, on all levels, how they support the overall purpose. By clearly sharing the purpose of these goals and how they serve the organization, others' values can align with the organization and work to support the

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objective (Kouzes & Posner, 2012). People work toward what is tracked, which must align with the organization's strategy—all supporting the purpose.

Design

Strategy guides decisions and provides clarity to the work performed in an organization. The design puts strategy to work. With an organizational structure in support of the strategy, progress is likely. Most strategic efforts fail, and design contributes to that significantly (Ackerman & Eden, 2011). As seen with the Greeks, their plans were noble; they creatively contributed but ultimately failed because of a lack of structure. Despite the best efforts of an organization, ideas must be acted on. Design must be implemented for those ideas to come to fruition.

Since the organization’s purpose is grand and well beyond the scope of an individual’s capabilities, the organization’s structure must be reconfigured. In the survival stage of the organization, the structure is simple. The founder is at the top and has a few people working below. Communication is direct, and decisions run through the founder. However, to make the leap to success (Stage 3) and facilitate the rapid growth of take-off (Stage 4), the business must run through more than the founder. At these stages, the organization begins to divisionalize. Demands grow, and expertise is needed in each area. Executive managers provide this expertise and allow for the delegation of duties. The structure must support this change. Divisions are categorized by either product/service or operations (Ackerman & Eden, 2011). Choose a structure that best supports the purpose. Supporting staff then report to the executive managers of their respective areas.

The founder has two options to support this growth: move into the CEO role or leave the leadership role altogether. The choice to stay as the founder/operator cannot happen. If that route is undertaken, the organization fails or degrades back to Stages 1 or 2. Change is inevitable and must be embraced. Rather than relying on the operational skills of the founder, the new CEO role will require more conceptual skills (Katz, 1955). Rather than focusing on job-specific tasks, the founder/CEO will forecast, strategize, and lead the executive team toward the common purpose. The purpose of the organization is the focus of the design and structure.

When creating the new organizational structure, the environment must be considered. Internal and external environments significantly impact the efforts of an organization. When designing the organization, consider the demands of the environment. Stable and volatile external environments require vastly different approaches. Internal environments are the culture of the organization. By Stage 2 of the business, an organizational culture has formed. The culture must be considered in the creation of the design and strategy. Adoption is unlikely if a plan contradicts the organization’s culture, values, and assumptions.

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Combining Strategy and Design

Remember the Romans; each division must support the organization's overall strategy when designing this structure. Keep the purpose centralized, and do not fall victim to the support of an independent approach for divisions. Each division may vary in kind, but all must serve the organization. Differences in each division strengthen the organization, but failure to unify is detrimental. If each division has a separate vision and strategy, they lose unity and may even compete against one another—just as the Greeks did. The strategy must be integrated within the design (Ackerman & Eden, 2011). The purpose must not be lost. Each division may have different goals and objectives but must support the organization's overall purpose. A unified organization resembles the Pantheon. Separate gods—each with their unique roles, skills, and characteristics—but all residing under one roof. While each division may have individual functions, skills, and characteristics, all support the organization.

Servant Leadership

Strategy and design are foundational to progressing toward the success stage and beyond. Leadership is the vehicle in which this happens. Without it, nothing moves. The founder's leadership supports transitioning from an entrepreneurial venture toward a mature and growing organization. For Stages 1 and 2, management is the primary approach toward working with others. While management is still needed, leadership becomes the primary mode of conduct for Stages 3 and beyond. While making the transition, embracing a distinct leadership style is necessary. Leadership through serving is an approach to support the shift toward growth.

The needs of those affected by the organization are paramount to a leader positioned to serve. To shift from a founder/operator, the leader must help those around them (Greenleaf, 2002). The servant leader tends to the executive team's needs as they are onboarded. The leader must train and support the executive team to successfully delegate organizational tasks and responsibilities. The organization staff will likely have concerns with the new transition, as most people do with change (Battilana & Casciaro, 2013). The founder must serve their needs in this time of uncertainty (Sharma et al., 2020). Caring for others during change will provide them comfort and stability despite the uncertainty.

Clear communication is essential during change; charisma alone will not make this shift. Support and unwavering attention must be given to those in need. Beyond support, the servant leader needs other characteristics. Spears distilled the 10 characteristics of a servant leader most mentioned by Greenleaf in his writings: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of people, and building community (Spears &

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Lawrence, 2002). By developing themselves to lead with these characteristics, leaders are better equipped to become servant leaders.

Despite their utility, these characteristics only partially encompass what it is to be a servant leader. Each characteristic is a byproduct of something deeper, more central to the leader's heart. Patterson (2006) argued that love is at the core of a servant leader—without it, one cannot be a servant leader. Without love, the other 10 characteristics would not come to fruition, at least not to any authentic level. Love for people is paramount to lead authentically and to provide a real basis for servant leadership. It becomes challenging to produce love at the organizational level.

Love within an organization is cultivated if the organization's purpose is also set to serve. Servant leaders can develop servant organizations (Laub, 2010). An organization set to serve is set to love. This will attract quality people who will not want to follow someone unwilling to serve and without love for them. If a servant organization is the goal, then leaders must develop future servant leaders. Greenleaf (2007) wrote, "Able servants with potential to lead will lead, and, where appropriate, they will follow only servant-leaders. Not much else counts if this does not happen" (p. 26). Develop people and allow them the space to grow.

The leader will tend to the other members' needs if the organization aims to serve its constituents. A servant leader aligns the organizational and team values by supporting and working toward growth (Hultman & Gellermann, 2002). People find purpose in their work beyond a paycheck by aligning these values. By developing and investing in the organization's people, they become leaders in their own right, serving those around them. As more people grow, so does the organization. To keep up with the growing demands of our modern world, more leaders are needed within organizations to serve. By serving the needs of the organization and the people within it, the founder will create an internal environment geared toward serving. Ultimately, all benefit and work toward achieving the organization's purpose.

Conclusion

As a small business grows, the founder's role changes from operator to executive. Many of the hands-on functions of the company are removed from the founder's responsibilities, delegating them to the executive team. By understanding the five stages of small businesses and identifying the key issues within these stages, leaders equip themselves to transition from surviving to thriving. Jim Whitehurst (Trammell, 2017a) highlighted that leaders struggle to move from a small to a large business mindset. Leaders wishing to make the leap must let go.

To depict this effort of letting go and organizing people, recalling the ancient Greeks and the Roman Empire provides insight into the need for a unified strategy and a

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design. Throughout this transition, leadership is needed to move beyond the managerial approach and to serve constituents' needs. By serving the executive team and staff, the founder equips them to succeed and remain agile. As the founder and primary operator of the business, making the necessary changes are complex. Their identity is intertwined with the business, but founders must reexamine it to make the leap from striving to thriving. It is time to let go.

About the Author

Joshua Clark is a doctoral student at Regent University and an Organizational Development Consultant. He also teaches as an adjunct professor of communications at North Idaho College. Joshua works with organizations and individuals to develop their leadership and communications potential. Working with diverse classrooms and clients across various industries gives Joshua a unique organizational development perspective. Having worked with several companies from launch to growth, startup organizations provide distinct challenges that require creative solutions. As Joshua continues to learn, he plans to share that with developing leaders.

Correspondence concerning this article should be addressed to: 4231 E. 28th Ave. Spokane, Washington Email: Joshua.clark13@outlook.com

Website: joshuajclark.me

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