

It's Personal: The Four Types of Small Business Owners



MetLife



For small business owners, their business is often a reflection of themselves. It's personal. More than their larger counterparts, small businesses embody the goals, priorities and personalities of their owners. People who choose to start a business instead of working for someone else are unique. No surprise — running a small business requires an enormous amount of drive and commitment.

Of course, not all business owners are the same. Someone who starts a business to develop a specific type of product may be intellectually curious but not as skilled when it comes to managing others. Some small business owners are great with people, quick to act in a crisis and open to new ideas, but lack strong organizational skills and the ability to focus on specific goals.

What is clear is that each business owner's unique mix of personality traits influences how they run their business and make decisions about their future. Small business owners can play to their strengths by gaining a deeper understanding of the different types of small business leaders and the approach each takes managing their business.

Who + Why + What = 4 Distinct Types of Small Business Leaders

Running a business is a challenge in the best of circumstances. On any given day, a small business owner is pulled in multiple directions by customers, employees, and suppliers. All demand time and attention.

How different small business owners choose to juggle these responsibilities is often a study in contrasts. Yet there are a few common personality traits found among small business owners – goal oriented, persistent, and extremely hard working. In fact, research suggests that the people who choose to own a small business tend to score higher on four personality characteristics – conscientiousness, openness to new experiences, optimism and altruism.¹

But it's not all about personality. A small business owner's approach is often a function of three key factors:

- **Personality**
- **Motivation**
- **Leadership Style**

The following four types of small business owners show how personality, business circumstances and rationale can influence the way owners run their businesses on a day-to-day basis.²

¹ "The Big Five Personality Dimensions and Entrepreneurial Status: A Meta-Analytical Review," <http://www.chsieh.com/uploads/4/4/7/9/4479813/zhaoiseibert2006.pdf>

² "What do small business owner-managers do? A managerial work perspective," <http://journal-jger.springeropen.com/articles/10.1186/s40497-015-0032-9>

The Problem Solver

Business owners with a problem-solving mindset often see their business strategy as a series of challenges to overcome. They see problems as opportunities, and are confident in their ability to develop solutions. In fact, their businesses are frequently sparked by a problem or gap the business owner sees in the market, and their belief that they can best fill the need. Overall, problem-solver business owners are receptive to the ideas of others, and tend to seek information and input from subject matter experts.

When Jeffrey Sklar started his Los Angeles-based law firm in 2010, he saw an opportunity to deliver specialized services combined with deep, personal client relationships and a competitive rate structure.

As a problem solver, Sklar recognizes that he can't see and do everything. Instead, he relies on every employee to be problem solvers themselves. This approach creates a company culture where everyone knows their voice will be heard. "If someone thinks something can be done better or in a different way, we want to empower people to speak up," said Sklar.

Working in this type of environment is one of the key reasons Sklar left behind his career in larger corporations to start a boutique law firm. "I have more freedom now to realize my potential as a manager and an originator of business, and to accomplish personal and professional goals," he said. "There are a number of benefits to working in a larger business, but there are a number of costs as well."

One of the first problems he had to solve was figuring out how to attract and retain top-tier talent while competing against much larger firms with much deeper pockets.

"Top-tier legal talent expects to receive — and can receive from other firms — a very strong benefits package," said Sklar, who views employee benefits as a "litmus test" job candidates use when deciding whether to join the firm.

That is why the firm, Sklar Kirsh LLP, with 21 employees, works closely with a benefit consultant and carriers to develop a comprehensive package that is competitive with the current market, but stays within the firm's budget. Solving the retention challenge involved creative and collaborative options that enabled the firm to expand the benefit options, offer employees access to choices that fit their specific needs, and deliver group coverage and pricing that is often better than what employees can get on their own.

PERSONALITY:

Curious, inventive, collaborative

KEY MOTIVATION:

Overcoming challenges by coming up with innovative solutions

LEADERSHIP STYLE:

Addresses both routine problems and unexpected obstacles by designing and implementing creative solutions

The Visionary

Visionaries launch their companies with a strong mission that goes beyond profit and loss, customer needs and operational efficiency. Their sense of purpose guides most of their actions and decision making.

Dean Cycon views his business as part mission, part experiment. He started Dean's Beans Organic Coffee Co. in 1993.

"I wanted to see if a for-profit business could offer a high-quality product and have a meaningful impact on the villages where we source our product through fair pricing and profit sharing," said Cycon, whose background is in international law and development.

From the start, this values-driven approach has influenced everything about the business, even when it hasn't been easy.

For example, the Orange, Massachusetts-based company chose to end lucrative customer relationships with certain major supermarkets.

"We didn't like what they stood for or how they conducted business," said Cycon. "We have also had to cut ties with certain suppliers who couldn't meet our quality requirements consistently."

While some may argue with the wisdom of this approach, the company has thrived. In fact, far from hobbling growth, Cycon believes that their resulting customer base, made up of direct online sales, supermarkets, food co-ops, and small cafes, represents a better mix for steady future growth. The company now has 13 employees and annual gross sales of around \$4.2 million with supply chain partners in 11 countries in Asia, Africa and the Americas.

With this success, Cycon recognizes that staying true to company values also extends to employees. The company offers a rich benefits package that includes a traditional defined benefit pension plan, 401(k) plan with company match, and health insurance with premiums paid 100% by the company.

PERSONALITY:

Goal-oriented, self-confident, open to new experiences

KEY MOTIVATION:

Seeking to make a difference for their customers and the world at large

LEADERSHIP

STYLE: Puts vision and values first when making decisions about strategy, hiring employees and selecting suppliers



The Director

Directors tend to own businesses based on highly specialized expertise, such as technology solutions or financial services. Director-owned companies typically require employees with specialized skill sets, and high levels of regulation and compliance requirements are often a big consideration for these types of businesses. As a result, directors are effective delegators who empower their employees and set themselves up as the go-to resource with less involvement in the day-to-day details.

When Melissa Brown, the CEO of Dallas-based GIACT Systems, began her business in 2004, she remembers thinking, “Wow, it’s all up to you.’ For the first time, I controlled my own future.” Brown knew that GIACT Systems, which provides technology to the retail and financial services industries, would need great people with the skills, knowledge and willingness to learn necessary to survive in a challenging environment.

Since the company opened its doors, Brown has focused on helping employees see exactly how their role and efforts impact the company’s success. “We are in a very compliance-heavy environment, so it is imperative that our employees continue to learn to stay relevant,” said Brown. Helping her 24 employees hone their skills and stay up-to-date is a critical part of Brown’s approach. The company pays for employees’ continuing education and supports their efforts to gain certifications in specific customer industries.

Brown also believes that their strong benefits package, which includes health, dental and vision coverage, will help attract the employees the company needs as they move forward with plans to expand their operations. Consistent with her Director approach, she relies on benefits advisers to help structure and manage the programs, so she can focus her time on running her business.

PERSONALITY:

Conscientious, highly focused, resourceful

KEY MOTIVATION:

Increasing knowledge and specialized expertise

LEADERSHIP STYLE:

Applies a thoughtful and pragmatic process to business strategy and decisions; effective at optimizing available resources



The Hands-Free Owner

Hands-free business owners tend to let employees take the lead in their work. Instead of managing all the elements of business operations, these leaders articulate high-level goals and priorities, and hire strong managers to develop and execute the strategies to achieve goals.

David Wilson, owner of an actuarial consulting firm, Windsor Strategy Partners in Princeton, New Jersey, has run his own businesses for decades. His involvement has evolved over the years. In the past, Wilson was more actively involved in all decision making. Today, Wilson structures his current business with several senior-level staff members who are highly experienced and self-sufficient.

Business owners like Wilson are likely to focus on maximizing employee freedom of choice and decision making. Wilson wanted to build a working environment that was very different from his experience working at a large corporation, which he found too restrictive and political. At this point in his career, he also wants to avoid managing his workforce too closely. “I can trust my people to do the right thing so we can concentrate on building an environment in which we can all thrive,” he explains.

That means creating a company culture with less structure and bureaucracy. “We just have a couple of guidelines to follow,” said Wilson. “We don’t have a vacation policy aside from taking as much vacation time as you want, and we make all of the local school holidays the firm’s holidays.” If employees need to take time for family during a workday, they make it up later. “People work blocks of time around whatever family situations they have to deal with as long as the client’s needs are being met,” he said.

Wilson also designed his firm’s benefits program to give employees maximum flexibility. Although the firm offers a high-deductible health insurance plan, it chose a plan with a very large open network so that employees can choose their own providers and manage their own healthcare decisions. “[Employees] can see the best of the best if that is what they want to do,” he said. The company also provides disability coverage and has made sure that their 401(k) plan is “as rich as we could make it,” says Wilson.

Personality:

Optimistic, forward-thinking, comfortable with delegation

Key Motivation:

Controlling their fate and achieving freedom

Leadership Style:

Sets the high level course, but removed from the daily decisions

Leadership That Works

For small business owners, figuring out how to lead and manage their business is personal. While much of leadership style comes naturally, finding the right style can also be the product of deliberate thought and action.

No leadership approach is static. What works today may need to change as the business grows. Changes to the size, scope and nature of the small business may call on their owners to adopt new approaches to meet resulting challenges.

Most importantly, small business owners should remain true to themselves and their own personal goals in order to develop a leadership approach that helps build a successful organization with a promising future.



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