

THE DYNAMICS OF THOUGHT LEADERSHIP: A NEXUS WITH VENTURE CAPITAL

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ABSTRACT

Venture Capital at present emerges as an Entrepreneurial Thought Leadership which transverses across competition to establish a distinctive niche in its field. Thought Leadership means as a way of increasing or creating demand for a product or service by way of going to individual or organization for gain of the expertise as well as for delivery. As the competition among venture capital firms strengthens, those firms that can meaningfully differentiate themselves and communicate their expertise to the appropriate audiences will be the ones most likely to excel. For any individual or any organization to be a Thought Leader it is critical that they monetise their state of the art thinking ,by increasing their ability to source, work with and profit from their target markets. In essence, being a Thought Leader absolutely includes the ability to garner radically above average returns for the investment and effort. In a nutshell, Thought Leadership has a central theme and all the data's and other important information are sourced to provide vivid picture of the theme to be accomplished. The theme may contain homogeneous elements but finding the uniqueness in each element, the need factor and providing it to fulfill the aspirations, connotes to the effect of Thought Leadership. When Thought Leadership is understood and employed as a business development process ,it is probably the most effective and powerful way to brand a knowledge intensive professional services, which is exactly what a Venture Capital firm is and also all other streams of Businesses which can be included in this kind of arena.

KEYWORDS: Venture Capital, Entrepreneurial Thought Leadership, Target Markets, Business, Development Process

INTRODUCTION

Thought Leadership is establishing a relationship with and delivering something of value to your stakeholders and customers that aligns with your brand/company value. In the process you go well beyond merely selling a product or service and establish your brand /company as the expert in that field and differentiate yourself from your competitors.'

The key strategy is to be different from competitors...They break free from "be better", internally oriented initiatives to be different', externally oriented strategies. Being different is grounded in providing customers with unique value that they cannot get from any other competitor.'

Thought Leadership as a buzz word or jargon 'used to describe a futurist or person who is recognized among their peer mentors for innovative ideas and demonstrates the confidence to promote or share those ideas as actionable, distilled insights. 'It is the recognition from the outside world that the company deeply understands its business, the needs of its customers, and the broader marketplace in which it operates. 'Thought Leadership is also an emerging discipline in its own right. Our ability to understand its core practices and then effectively apply them is key to positioning ourselves and our companies for next level growth.'

To use Thought Leadership as a strategy for business growth and innovation, here are seven questions that should be addressed as organization continues its transformation process during the time of change management.

What the Organization has to Solve?

The changing landscape of the marketplace has made it more difficult for organizations to identify what they are great at solving for – both internally with their employees and externally with clients and supply chain partners. The firm has existing clients and business development prospects that can greatly benefit from the competencies and capabilities that you can offer.

Allow Thought Leadership to overcome the traps associated with the dangers of complacency that can lead to the commoditization of the business. The organization should stop being order takers and allow Thought Leadership to provide a value-added component to the business model that strengthens the marketplace reputation and makes client relationships more profitable.

Who are the Game Changers?

Those Leaders in the organization that are applying new ways of thinking to propel growth, innovation and opportunity are the game changers. They are the ones that intimately know the mechanics involved with each line of business, trends, recent challenges, competitive pressures and where the growth opportunities exist. Game changers represent those in innovation lab that champion ideas and fuel new thinking.

They are not afraid to change the conversation as corporate entrepreneurs and constructive disruptors that seek to change paradigms, challenge the status quo and enhance existing business models and client relationships.

What are the Most Impactful Best Practices?

Existing best practices are the protocols and methods used to operate more efficiently and effectively. These operating methodologies and frameworks transcend time and new marketplace demands. Based on the clients, lines of business and industry change management requirements – the best practices fuel growth for the business when shared and implemented with the clients. Talking about the best practices in a conversation and own a subject matter that could reinvent the industry.

Where are the Subject Matter Experts (SME)?

Identify the experts in a particular business and those people that have witnessed transformation over the years and have implemented proven solutions. Should not be confused with the game changers; these are the ones that touch the business and every aspect of it, every day. They are the leaders that have lived the long history of client relationships and know their counterparts in the industry they serve. They have become experts as a result of their experience and in many cases are known as the thought leaders in the company. Subject matter experts are the go-to knowledge resource and they are the ones that can guide growth strategies and provide the best recommendations for implementation. They know where the traps exist and what has historically worked and not worked in the past – and the present.

What are the Innovative Breakthroughs?

Identify the innovative breakthroughs that made the organization stronger and that allowed the business to serve the clients better. What are the new technologies introduced and strategic investments made that the business and the

clients have benefited from? Many times there are breakthroughs in an organization that are not viewed as such – but that the clients and industry would benefit from. Always be mindful of the new ways of thinking and how the business can be moved forward. Leverage every innovation for the betterment of the organization, its people, brand and client relations. Not necessary to compare with the innovators like Google, Samsung and Apple. Breakthroughs come in all shapes and sizes. The key is that the breakthrough can be measured and shared with the clients to propel growth and opportunity.

Where Do the Real Relationships Exist?

Assess the relationships that are demonstrating real value and that stimulate growth, innovation and opportunity. Like breakthroughs, the best relationships come in different shapes and sizes. Some relationships are cost centers, others are profit centers. Not all client relationships are fully optimized because it takes time to see beyond the most obvious opportunities. It's difficult to explore the opportunities for abundance with clients when the portfolio of products and services may only represent the surface of what the corporation is fully capable of delivering. The key is to know which relationships are adding value to the brand, products, services and people. Evaluate the supply chain and the strategic partnerships embedded throughout the chain. Once identified, share the success stories, the best practices they helped to create, the impact on employee morale, a new client relationship, the new ways approached and set-forth the standard for building relationships and the role they play to fuel growth in the business.

What are the Desired Outcomes?

Explore the current revenue streams and the parts of the business that generate the desired outcomes after identifying the aforementioned points 1 – 6. Corporate growth strategies are about driving real measurable and sustainable results that impact the bottom line. The investment in corporate growth can be costly and risky. This is why it is so important to discover new ways to capture growth through strategic knowledge sharing / Thought Leadership that makes the corporation stand out from the crowd. Thought Leadership allows the clients to broaden each other's observations of what's possible to cultivate expansive innovation – and through this process create greater strategic focus to determine the most probable opportunities to seize the greatest potential in the relationship. The result: realized is the power that is inherent by sharing the momentum of the success and significance that are both capable of creating with one another.

Broader Understanding of Thought Leadership: It is a new paradigm which is disruptive, paints an unpenning view of the future and is backed by evidence. Leading old paradigm to extinction or is out in front of an emerging paradigm. Thus helps in the evolution of the field finding creative solutions.

- Sharing a collective vision for the future.
- Respect and authority earned from sharing and publishing useful information.
- To go to specialist for a credible view on pertinent topics.
- Tangible improvements in the future by disrupting the current status quo.
- It is recognition of wisdom attained through experimental learning and collective imagination of everyone, which is used to harness an innovative future.
- Consistently providing insights into an industry that educate, inform, and enthuse others.

- Inspires people who are already familiar or experts in the field bringing new ideas and perspectives to the general public for discussion and collaboration.
- It requires the various corporations and their leaders to cross pollinate knowledge with clients and strategic partners to enable growth and innovation through the power of Thought Leadership.
- It requires an organization to share, what it is known for the hallmark of its brand reputation-by being transparent about its best practices and sharing them with clients.
- It is about introducing new ways of thinking that will reinvent industries and significantly impact business models, the market place, employees, consumers and the work place.
- Not only business growth, Thought Leadership can fuel growth and opportunities for employee engagements and infuse excitement back into work place culture.
- Thought Leadership means being recognized for innovative ideas that change the way the business leaders think about their businesses and for having the insight and foresight to know and influence what is next.
- For an organization to develop stable Thought Leaders, it needs both the expert, innovative thinkers and a public relations effort to plan and implement the public recognition process.
- A Thought Leader provides insights and methodologies that drive change throughout an industry or profession.
- Every organization that plans for its future must prepare for Thought Leadership and there is no surer way of preparing for the future than maintaining an nurturing a powerful pool of Thought Leadership whose imagination holds the key to the unpredictable challenges of the future and infinite opportunities that are waiting to be discovered.
- Cultivating Thought Leadership involves identifying and recognizing the capability of the people in an organization for innovation and ensuring that a steady flux of novel ideas perennially replenishes the thought pool.
- It is the time for corporations to showcase their executives as Thought Leaders that can strengthen client and supply chain relationship by discovering new ways to make things better in order to grow better together.

VENTURE CAPITAL: The Insights from Thought Leadership to Drive for Successful Exit

Venture capital funding organizations provide seed, start-up and first stage and multi stage capital to new, innovative and sophisticated technologies or anything, which has creativity in its dimension and exit from the venture or investee company once the expected returns are earned. Implementing Thought Leadership approach in venture capital will seek great exit value and to earn very high returns, which differentiate themselves from other kinds of investors. The investment decisions are directed towards creating the conditions for the successful exit and not improving any part of the business concept, which is not relevant to the buyer's decision (including venture capital investing decisions). The right business strategy is to achieve the exit in a favorable manner in such a way that the venture capitalists are well rewarded for creating the opportunity for the next lucky buyer/buyers.

To focus on:

- Not to grow the business, but to earn a high return on the money invested.

- Not to help in expansion, but towards selling the business.
- Selling out successfully thereby with good return on the money and art thus encourage to do more investments and hence the proceed feeds in paying tax and nation building also the cashed entrepreneurs spend money and donate to charities thus help their communities.
- The investee does not have to successfully commercialize the innovation or the buyer will. To give the new buyer the opportunity of taking it off venture capitalist hands so that they can exploit it in their turn.

To create the business for sale is not to focus on revenue and profit because when the focus from the outset is the exit, then the investment is only entered into if a probable exit can be anticipated. Since potential buyers are identified from the beginning then the business can be quickly offered for sale, hence even a business, which has failed can still be an attractive acquisition for the right buyer. It is not the investee, which will execute on exploiting the underlying strategic asset or capability, it is the buyer. It may matter little to the buyer in what state the investee firm is, at the time of sale providing the buyer gets the assets or capabilities they want. By taking a pragmatic focus on the exit, the Angel and venture capital investors have a much higher chance of having a successful outcome.

Key points to be understood from the crux of Thought Leadership are:

- Investment periods can be expected to be shorter
- The exit values much higher
- Execution risk significantly lower

The reason to develop a robust exit strategy may help in many unforeseen circumstances such as – change in industry regulations, a new aggressive competitor may come in also natural disaster may derail a business so as to have a descent and favourable exit and planning should begin for this, from the start itself.

The value in a business is related to its potential in the hands of the buyer thus even a business heading for insolvency can be a great acquisition for a buyer who is not constrained by the situation facing the vendor. The key to a quick sale, which still gains a premium on the sale even when the business is in trouble, is to have identified in advanced those buyers who can develop the underlying potential in the business. The entrepreneur and the investor should set out to identify a small group of such buyers, engineer a situation where those prospective buyers are informed of the potential in the business and then kept up to date with the progress of the business overtime. The aim of the exit strategy should be to have each prospective buyer understand what they could gain from an acquisition. Of course, in the unfortunate situation where the business has to be sold, it would be much better if the seller could quickly bring into a competitive bid, a number of prospective buyers who were already apprised of the potential of an acquisition that is the competitive bid process would then protect as much of the value in the business as possible. As part of the preparation for such an event even if unlikely, the business needs to be put on a basis where the buyer can quickly undertake due diligence. This means that the business has to be fully prepared for such an investigation. If the seller has also ensured that the business is run effectively and efficiently and has few risks for the buyer, the due diligence process will conclude quickly and the buyer will be more willing to negotiate the deal. It is better to set out sometime in the past to proactively identify and make contact with a group of prospective buyers with the intention of setting up a future competitive bid.

Competitive bid is to have other prospective buyers waiting in the wings and often comes with condition of

exclusive dealing however this is normally done so that the prospective buyer does not waste their due diligence time and cause. If the business is already prepared for due diligence and the prospective buyers already understand the potential in the business, the vendor can hold off on due diligence until more prospective buyers in the frame. Then only the highest bidders will be invited to undertake a limited due diligence to arrive at a prospective buyer. The objective of sourcing strategic value ventures where the probability of a strategic exit is high, the amount of investment is reasonable as it only funds exit activities and not any business plan for growth and development and the tasks needed to set up the strategic exit are well within the capability of the investor and venture management team.

CONCLUSIONS

The facets of Thought Leadership when applied in Venture Capital Organisations opens up a unique way to foster a prime focus and hence need not get deviations which will guide many innovative businesses to flourish within a short span of time.

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