

**SMALL BUSINESSES ALSO NEED LEADERS:  
HOW TO BE A LEADER IN A SMALL COMPANY?  
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**Abstract:** *the phenomenon of the leader is of special significance not only for big companies, small businesses also need leaders. Anyone can be a leader, even if the only person they are leading is themselves. Running a successful business requires more than just having a great idea. It requires leadership. The article analyses the importance of a leader in a small company. It covers some points related to the effectiveness of leadership, the ways to measure it and key elements for improving the efficiency of the leader.*

**Keywords:** *leadership, small business, leader, management, small company, control, leadership effectiveness.*

**МАЛЕНЬКИМ КОМПАНИЯМ ТОЖЕ НУЖНЫ ЛИДЕРЫ:  
КАК БЫТЬ ЛИДЕРОМ В МАЛЕНЬКОЙ КОМПАНИИ?  
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**Аннотация:** *понятие «лидер» имеет особое значение не только для крупных компаний, но и для малого бизнеса. Любой может быть лидером и не важно, руководите вы большой компанией, маленькой фирмой или несколькими людьми. Чтобы начать успешный бизнес необходимо нечто большее, чем просто отличная идея. Успех требует лидера. В статье анализируется важность лидера в небольшой компании. Она охватывает некоторые моменты, связанные с эффективностью руководства, способами его измерения и ключевыми элементами повышения эффективности лидера.*

**Ключевые слова:** *лидер, управление, небольшая компания, лидерство.*

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*A leader is best when people barely know he exists,  
when his work is done, his aim fulfilled,  
they will say: we did it ourselves.*

*Lao Tzu*

Leadership can be hard to define and it means different things to different people. Leadership is one of the most interesting terms in management. Leadership can be strategic, transformative, inspiring, advanced and so on. We divide leadership into two categories: transformational, which allows us to change a person, and operational, allowing to influence human behavior. It is believed that leadership can only be connected with big companies and small companies can be run only by managers.

The concepts of "manager" and "leader" are antipodes. The main goal for a leader is people and their well-being. For a manager, people are just one of the resources to make a profit. A manager is appointed and the leader is chosen by the group itself. The manager has subordinates and the leader has followers. The manager can easily dismiss his subordinates, while the leader is willing to sacrifice himself for his people. Unfortunately, the world has a sufficient number of managers, but very few leaders.

Leadership includes the ability:

- To see unobvious prospects before others;
- To develop new ideas;
- To attract and pool the necessary resources;
- To show other attractive prospects;
- To encourage people to take positive action together;
- To quickly solve problems. [1]

Today, a lot of attention is paid to the issue of leadership in business. Most managers and company executives realize that it is more prestigious and more rational to be a leader than a boss. Examples of successful leaders are Bill Gates, Steve Jobs, Richard Branson, Elon Mask, Mark Zuckerberg and others. They inspire

millions of entrepreneurs to change their management strategy to leadership. In the light of this, it is rational to quote Dave Ramsey:

“In order to become a business leader you must understand that you are endowed with great power, but it will rarely be used. Possession of power and its use as an instrument is the property of a true entrepreneur-leader” [6, p. 26].

Effective leadership has become a major requirement with the emergence of global competition. Leaders have to develop personality traits and characteristics that nourish the team to recognize the qualities of effective teams.

A primary function of a leader is the ability to influence followers “To achieve common goals through shared purposes” [7, p. 2].

The giftedness and talent of a person does not make him an effective leader. Moreover, people with outstanding mental abilities often turn out to be surprisingly inefficient workers. They do not understand that significant success in work is achieved thanks only to their abilities. The abilities only matter in combination with the effectiveness of their work.

The contribution of the leader to the company work cannot be measured either by the number of subordinates or by the amount of managerial work. Quantitative characteristics are not suitable for evaluating the effectiveness of intellectual labor.

Why does each company need a leader, but not a manager? Nowadays, we are lack of different resources and the most important resource is the human resource. We need leaders and professional managers to achieve a company goal. However, there is a paradox, in a dynamically developing company, where the share of the market is growing at a crazy rate, the infrastructure is growing at an impressive rate, there is an acute need for the “right” people, and the pressure on the company comes from within, not from outside, which is the main problem. In order to keep the situation under control and cope with the growth rate, bureaucracy, and formalism, the company basically hires managers, not leaders. In such circumstances, another hired manager only strengthens bureaucracy and formalism within the company, increasing entropy within the system. [2, p.193] Leaders think differently, thus, they could better cope with the company’s problems.

Peter Drucker in his book “The Effective Executive” [5] identifies five key elements for improving the efficiency of the leader:

1. Effective leaders know what their time is spent on and work on managing the small fraction of their time that they can control.
2. Effective leaders are aimed at achieving results and not at work as such. Important achievements go beyond the internal world of the organization.
3. Effective leaders build their activities on the strengths of both their own and other organization’s employees and do not focus on the weak.
4. Effective leaders know how to prioritize and focus on a few critical tasks, the implementation of which will bring the most tangible results.
5. Effective leaders make effective decisions, which are determined by the correct strategy, rather than momentary tactical considerations. Productive solutions are a series of correct steps in the right sequence.

Leaders, who possess divergent thinking, will always find a way out of any situation. While the manager will analyze the situation, look for additional facts and figures, the leader will act.

Some aspects of leadership can be presented through the analysis of Steve Jobs history. Steve Jobs was an incredible leader. He started up Apple in his garage in 1976, and from the release of the first Macintosh, he led the computer industry for three decades.

When he was asked what he considered his most important creation, Steve Jobs said, "Creating a solid company [“Apple”] was much more difficult and more important than making an excellent product" [3, p. 6]. The main keys to success of Steve Jobs are:

1. Focusing. When Jobs returned to Apple in 1997, he told his team members to focus on four great products, one for each category (Consumer, Pros, Desktop, and Portable). All other products must be canceled. Having focused “Apple” on just four computers, he saved the company from bankruptcy.
2. Simplicity. "Simplicity is the pinnacle of complexity," declared in Apple's first marketing brochure.
3. Take full responsibility. The best way to achieve simplicity was to make sure that all hardware, software and peripherals are integrated.
4. “If you are behind competitors, jump over them”. - An innovative company differs not only comes first with new ideas. It also knows how to jump over competitors when it was behind. It is the way of creation of iTunes and iPods, while the Apple’s PC was not able to run DVD.
5. Put products above profit. “My passion is to build a solid company where people are motivated to develop great products. Everything else is secondary. Of course, it's great to make a profit, because the profit allows you to make great products. But products, not profits, should be motivated” [3, p. 38].
6. “Do not be a slave to the focus group!” Caring about customers’ wishes is very different from the usual asking the question what customers want. It requires intuition and instinct to guess the desires that are not yet

formed. Sometimes Jobs used a focus group of one person: himself. He made the products that he and his friends wanted.

7. Distort reality. Stimulate employees to do things that seem unrealistic at first glance.
8. Make an impression. Jobs believed that people form their opinions about a product or company on the basis of how it is presented and packaged.
9. Achieve perfection.
10. Work only with the best.
11. Communicate face to face. Jobs hated formal presentations, but he loved human communication. He gathered his executive teams every week to discuss ideas without a formal agenda.
12. See the whole picture and details.
13. Combine art and technology.
14. Stay Hungry. Stay Reckless [3, 4].

These rules are the best pieces of advice for the businesspersons all over the world. Steve Jobs became a legend in the field of leadership; he is an inspirer for leaders, managers and executives. The main idea of his leadership was "the size of business no matter, only your job and product matters". It should be emphasized that business needs leaders more than managers, since the leader can solve the same problems and carry out the same functions as a manager, but the leader also inspires employees to do their best to achieve the company goals.

Even a small company, at the stage of active growth, needs a leader, who can carry out emotional management, but not a person with a certain set of managerial skills, capable of performing certain functions. Emotional management is a style of business, a state of constant changes in the company and it is impossible to manage reforms without being a leader. At the same time, in order to manage changes, the leader must be a "change", otherwise business is doomed.

The small business leader has a larger role in the company and because of the closeness they have with the subordinates, are more effective than leaders in big business.

We should remember that one cannot be a leader just by saying they are, as leadership really needs to be worked at. Building a team is an important skill every business leader should make a primary priority and will make working towards your goals pleasant for all as well as financially rewarding. Learning to be a leader is not easy as it takes a conscious commitment and consistent effort to develop leadership skills. Nevertheless, anyone who is willing to make the effort can become a good leader your small business needs.

Whatever the size of the company, the effectiveness of the leader depends on the ability of the leader to influence and motivate their staff to share a common goal for the success of the company.

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