2010

Sustaining Innovation in the Global Corporation: The Role of Managers, Entrepreneurs and Leaders

Philip Dover  
*Babson College*

Udo Dierk  
*Fachhochschule Der Wirtschaft*

Follow this and additional works at: [http://digitalknowledge.babson.edu/bfrfwp](http://digitalknowledge.babson.edu/bfrfwp)

This research was supported by the **Babson Faculty Research Fund**  
Summer Stipend / Fall 08  
Copyright held by authors. All rights reserved.

**Recommended Citation**  
[http://digitalknowledge.babson.edu/bfrfwp/63](http://digitalknowledge.babson.edu/bfrfwp/63)

This Working Paper is brought to you for free and open access by the Babson Faculty Research Fund at Digital Knowledge at Babson. It has been accepted for inclusion in Babson Faculty Research Fund Working Papers by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUSTAINING INNOVATION IN THE GLOBAL CORPORATION:
THE ROLE OF MANAGERS, ENTREPRENEURS AND LEADERS

PHILIP DOVER
Babson College
Marketing Division

UDO DIERK
MEL-Institute

No. WP 1002-CR2 f08

BFRF WORKING PAPER SERIES

This research was supported by the
Babson Faculty Research Fund

Copyright © Philip Dover and Udo Dierk, 2010. All rights reserved.
Abstract

How can we understand the role of key personnel in sustaining innovation within corporations around the globe? This article presents the results from the pilot study of a two-stage research project. It is underpinned by the concept that three basic archetypes exist – managers, entrepreneurs and leaders. We tested a new tool: the MEL-Index, a numerical and graphical representation of executives’ evaluation of their own and their corporation’s performance as managers, entrepreneurs and leaders. It was shown to have considerable diagnostic potential. A case study of a German automotive supplier demonstrates this potential. Improvements were made in the test instrument, which will form part of a subsequent extended study.

Acknowledgements: The authors wish to sincerely thank the Babson Faculty Research Fund, the Glavin Center for Global Management and the Fachhochschule der Wirtschaft FHDW for their kind support for this research.
INTRODUCTION
The continued sustainability of companies depends on effective management of the present combined with imaginative vision for the future. On the one hand, there is a need to optimize processes, organizational structure, staffing procedures and the like, to be faster, more cost efficient and responsive to current markets. Such focus allows companies to succeed in the present and near future. But this does not at all ensure continuity in the longer run. In order to achieve this, companies must also regularly assess their vision, encourage innovation, be willing to adjust or change strategies, products and markets and more. This adaptive approach helps them forge a flexible and dynamic roadmap for the medium and long term future. In order then to sustain both short and long term futures companies must work simultaneously on doing the same things better while stimulating and responding to change (doing things differently). It may well be that the emphasis shifts from current optimization to future change management and backwards like a pendulum, depending on such factors as the situation at the individual company, market forces, and the socio-economic environment.

Many organizations struggle to attain this delicate balance with the result that otherwise adept companies often fail in rapidly changing markets. Following many years of observing and working with both SME’s and large international corporations, the authors became fascinated by the concept of the ambidextrous organization (O’Reilly and Tushman, 2004) and by the formal and informal roles played by various personnel in longitudinally guiding the firm. The decision to commence this major multinational research project therefore started with the a priori view that strategic and operational success depends, in large part, on the combination of skills evident in the leadership team of a firm. Such skills must serve the company in both the short and longer term as well as in a variety of contextual settings. In particular, we became interested in the integrative impact of three types of personnel – managers, entrepreneurs and leaders – in the sustainable fortunes of the organization.

This basic conceptual building block for our research – that three major decision making archetypes exist – receives some support from the business literature (e.g., Kotter, 2001; Mintzberg, 1990; Thornberry, 2006; Zaleznik, 1992). Initial evaluation of this secondary research suggests that managers, entrepreneurs and leaders bring different skills and capabilities to their company roles. We have tentatively summarized them as focusing on current complexity (Manager), focusing on change (Leader), and focusing on opportunities (Entrepreneur).

Figure 1 : Basic Framework : Manager – Leader - Entrepreneur

While the management literature is quite well represented by work on the similarities and differences between leaders and managers (e.g., Goffee and Jones, 2000; Zaleznik, 1992) – and has started to address, if somewhat less completely, the associated role of corporate entrepreneurs (e.g., Darling, Gabrielson and Seristo, 2007; Garvin and Levesque, 2006; Thornberry, 2006) – it is largely silent on the combination of skills required of executives to guide the short and long term development of the organization. This led us to pose a number of intriguing questions:
-- what is the weighting of these managerial, entrepreneurial and leadership practices that result in optimal short and long term corporate performance? How are these weights impacted by contextual variables such as industry maturity, technological intensity and cultural norms?

-- if different kind of capabilities are required to simultaneously work on both short and long term initiatives, how can they be balanced to ensure smooth operations and leverage conflict? How does attaining (or failing to attain) this skill balance impact the innovation profile of the organization?

We started with the working assumption that everyone working in a major decision making role has some degree of each of the three archetypes within him/her, as has the leadership team to which he/she belongs. We also assumed that the balance of these archetypes could cast a negative as well as a positive influence on decision making at both the individual and corporate levels. Consequently, our interest lay in understanding and measuring the role of the manager, leader and entrepreneur at short and longer term horizons in a company’s fortunes. Specifically, this led to the following research objectives:

1. To develop and validate a measurement instrument (the MEL-Index) that will allow an organization to assess the managerial, leadership and entrepreneurial capabilities of its key personnel as well as the company as a whole.

2. To correlate MEL-Index profiles with company performance metrics (profitability, market share, customer loyalty, etc.) and perceived level of innovation activity.

3. To offer prescriptive guidance to corporations on achieving an appropriate balance between entrepreneurial, managerial and leadership capabilities.

This early report describes a pilot study carried out to better understand perceptions of the role and required skills of the manager, leader and entrepreneur, as seen through the eyes of executives in European and American companies. It also set out to resolve how these archetypes can best be measured and interpreted, both individually and organizationally. As such, it acts as the necessary foundation for a major global study to be carried over the next few years.

CONCEPTUAL FRAMEWORK

How can the collective activities of managers, entrepreneurs and leaders best sustain innovation within corporations around the globe? To help classify innovation, we have adopted a typology of commercial development projects devised by Wheelwright and Clark (1992). Each of their three project types requires a unique combination of development resources and management styles.

Derivative projects range from cost-reduced versions of existing products to add-ons or enhancements for an existing production process. Development work on derivative projects typically falls into three areas: incremental product changes, say, new packaging or a new feature, with little or no manufacturing process change; incremental process changes, like a lower cost manufacturing process, improved reliability, or a minor change in materials used, with little or no product change; or incremental changes on both dimensions. Because design changes are usually minor, incremental projects typically are clearly bounded and require substantially fewer development resources than the other categories. Also because derivative projects are completed in a few months, minimal changes are required in ongoing management procedures.

Breakthrough projects are at the other end of the development spectrum because they involve significant changes to existing products and processes. Successful breakthrough projects establish core products and processes that differ fundamentally from previous generations. They create a whole new product category that can define a new market. Because breakthrough products often incorporate revolutionary new technologies or materials, they usually require revolutionary manufacturing and management processes. Executives need to give development teams considerable latitude in designing new processes, rather than force them to work with existing plant and equipment, operating techniques, or supplier networks.

Platform projects are in the middle of the development spectrum and are harder to define. They entail more product and/or process changes than derivatives, but they don’t introduce the untried new technologies or materials that breakthrough projects do. Well-planned and well-executed platform products typically offer fundamental improvements in cost, quality and performance over preceding generations. Most importantly, platforms represent a significantly better system solution for the customer. Because of the extent of changes involved, successful platforms require considerable upfront planning and the involvement of not only engineering but the interaction of marketing, manufacturing, senior management and others.

Companies target new platforms to initially meet the needs of a core group of customers but design them for easy modification into derivatives through the addition, substitution, or removal of features. Well-designed platforms also provide a smooth migration path between product generations so neither the customer nor the distribution channel is

---

1. Although the Wheelwright and Clark typology refers only to products and the associated production processes, the derivative – platform – breakthrough classification appears just as relevant for service activities.
greatly disrupted. Platforms offer considerable competitive leverage and the potential to increase market penetration, yet many companies systematically under-invest in them. The reasons vary, but the most common is that management lack an awareness of the strategic value of platforms and fail to create well-thought out platform projects (Wheelwright and Clark, 1992). Another way of viewing this is that managers over-emphasize the importance of derivatives as they strive to optimize the efficiency of current practices. But often these products fail because small improvements are not enough to alter customers’ entrenched buying habits (Goldenberg, Horowitz, Levav, and Mazursky, 2003). Increased leadership vision is required to envisage the potential of platform and breakthrough projects and to facilitate the entrepreneurial environment in which they can be pursued. Although the desired mix of projects will vary by industry type and market condition, an allocation of development resources of about 50% platform, 20% derivative and 10% breakthrough projects and partnerships has been recommended for technology-based companies (Wheelwright and Clark, 1992). This is not the allocation in most organizations where in excess of 50% investment is earmarked for derivative improvements. In an excellent recent article, Laurie, Doz and Sheer (2006) report that CEO’s at progressive companies like Boston Scientific and Medtronic spend at least half of their time in the search for new platform growth. It may be helpful to diagrammatically show our thinking so far. If we represent “innovation type” and “time” on the axes, we can suggest the differential roles of managers, leaders and entrepreneurs in pursuing innovation strategies over varying time horizons. It is postulated that leaders play more of a catalyst role in the identification of platform and breakthrough projects, creating the climate for the entrepreneur to flourish as an activist.

![Figure 2: Archetype Roles in Innovation](image)

Two further dimensions warrant consideration as we operationalize the concept of the ambidextrous organization. The first is organizational structure – that is, the extent to which personnel seek stability in their roles and responsibilities. The manager, in order to efficiently manage current activities, favors well-defined roles and responsibilities. Leaders and entrepreneurs, in their assumed function as change agents, prefer fluid and informal structures. Such logic is linked to the notion of perceived risk. Managers, driven by short term objectives and clear metrics, tend to be risk averse. Entrepreneurs, in their obsessive search for opportunities, strongly reflect risk takers. Leaders, it would seem, need to take a middle course. They need to show, through vision and future orientation, a propensity for risk. At the same time, they must carefully search for a balanced portfolio of innovation opportunities. This requires performance of substantial due diligence with a consequent aim of risk minimization. These traits might be represented as follows:

- **Managers**
  - Risk Averse

- **Leaders**
  - Risk Taker + Risk Minimizer

- **Entrepreneurs**
  - Risk Taker

One final point is worth making. Most of the literature on change management suggests that change should start at the top and cascade down to lower levels (see below):
Such changes can take a great deal of time as they work slowly down through the often resistant corporate ranks. Moreover, top level jobs are inherently insecure so that it is not uncommon to see many changes start at the top, but peter out when senior management is changed.

An alternative approach is to stimulate opportunity-induced change where leaders can come from any level of the organization. Corporations that do a better-than-average job of identifying leaders put an emphasis, for example, on creating challenging opportunities for relatively young employees (see Kotter, 2001). This entrepreneurial leadership “from the middle” is often successful because actions are focused on change related to a specific opportunity. These changes are generally narrower and more quickly achieved than an overall company-change effort. Because we believe that the continuous and disciplined drive for new business opportunities can originate throughout the company, project participants in our study include not only senior management but also those designated as high potential employees.

We have now identified the dimensions that we feel important in directing the ambidextrous organization – executive archetypes (manager, entrepreneur, leader), types of innovation (derivative, platform, breakthrough), time period (short, medium, long), preferred organizational structure (stable, flexible), and individual risk profiles (averse, taker, minimizer). Additionally, the significance of these variables will be impacted by the moderating influence of business...
conditions (or “zeitgeist”) facing a decision maker at any point in time. It appears that context matters. Mayo and Nohria (2005) found that the macro-contextual factors of government intervention, global events, demographics, social mores, technology and labor are especially influential in shaping the landscape for business. They noted, for instance, that “entrepreneurs were uniquely skilled at sensing emerging opportunities or the potential of nascent technologies and through perseverance and determination build successful new enterprises.” To these we would add the variables of both corporate and national culture. At a very broad level companies can be categorized, on the one hand, as those where sustainability and survival are the key drivers (that is, profit is a means to the end of satisfying the disparate needs of a wide stakeholder base), and on the other, where aggressive growth is the principal target (driven by the needs of a much narrower owner/investor public). Our experience suggests that there is a greater propensity for companies in Europe to emphasize sustainability and social responsibility while US firms more often focus on rapid market and stock price growth. There is some limited secondary support for this notion with Europeans, on average, less interested than Americans in becoming entrepreneurs (Blanchflower and Oswald, 1998, Global Entrepreneurship Monitor, 2008) and showing a stronger preference for being an employee with a regular fixed income, a stable job and less risk (van Houdt, 2005). We have similar observations regarding the ownership status of the firm. Differences in strategic and operational style exist between family-owned businesses and publicly owned corporations. The family owned businesses – perhaps more prevalent in Europe – lean more towards sustainability and life style as a modus operandi. While not eschewing growth, they do so with a strong emphasis on the welfare of their employees and local community. The public firm sees growth much more as its raison d’être. It is not indifferent to social concern but is much more driven by shareholder considerations of profit, contribution, cash flow and EBITDA.

A final contextual variable that can substantially impact the focus of innovation activity, and therefore the nature of personnel talent sought, is the industry life cycle (see Wheelwright and Clark, 1992). In the early stages of growth, innovative, dynamic companies gain market position with products that have dramatically superior performance on a small number of key dimensions. These companies employ a successful breakthrough-platform strategy, giving full reign to the entrepreneurial spirit. But as the industry develops and the opportunity for breakthrough products decreases – often because the technology is shared more broadly – competitors try to satisfy increasingly sophisticated customers by rapidly making incremental improvements in existing products. Here the sound manager comes into his/her own, adopting a strategy based on derivative products and employing disciplined resource allocation and execution.  

**Research Design and Methodology**

A Pilot Study was conducted over a 6 month period during the 2008 academic year to start the process of understanding and measuring the role of the manager, entrepreneur and leader (MEL). The results are being used to design a large scale global project aimed at linking a company’s MEL capabilities with growth through sustained innovation.

**The Triangle**

**Manager - Entrepreneur - Leader**

![The Triangle](image)

MEL (Index) = (Man-Index, Lead-Index, Entre-Index)

**Figure 5 : The MEL-Index**

---

2 In presenting the leader as a change agent, we have emphasized his/her role as a facilitator of an entrepreneurial environment in which new growth platforms and market spaces can emerge. Mayo and Nohria (2005) have also depicted leaders as those that “confront change and identify latent potential in businesses that others consider stagnant, mature, declining, or moribund.”
A specific goal was to develop and validate a measurement instrument (the MEL-Index) that allows an organization to assess the managerial, leadership and entrepreneurial capabilities of its key personnel. We deployed a triangle to visually represent executive perceptions of individual and organizational capabilities on the three archetypes. Each interviewee indicated his/her own ratings and his/her ratings of the organization on management, leadership and entrepreneurship abilities on zero to ten scales. The triangle simply acted as a clear and attractive way of representing MEL scores and – at least at this stage – no inferences were made about interactions between the three archetypes. In addition, we collected considerable open-ended information from participants. This included a description of the participant’s current job, perceptions of the generic roles and responsibilities of managers, leaders and entrepreneurs as well as verbatim comments on their own and their company’s capabilities on these archetypes, and observations on company status/performance.

Given that this phase of the study was highly exploratory we took a convenience based approach to sample selection. We sought to collect information from two levels within the organization: a) senior management, including Board members, senior functional officers and regional managers, and b) “high potential” personnel, who often have positions such as product managers, functional specialist or corporate support. 10 face-to-face interviews, each lasting between 30 and 60 minutes, were conducted inside three large, multinational corporations (2 European, 1 US). 53 briefer interviews, largely involving administration of the MEL ratings, were carried out in two German SME’s.

Research Findings

Describing the archetypes: Managers – Leaders – Entrepreneurs: When we asked respondents to describe the roles and responsibilities of managers, leaders and entrepreneurs, our findings supported and extended the results from the literature review. The task of the manager was seen largely to revolve around efficient operations (e.g., create and drive processes; pursue plans through to action) while the traits of a sound manager included being thorough and detailed oriented, analytically capable, and somewhat risk averse. Leaders’ tasks involved creating vision/strategy/direction for the future and building an entrepreneurial environment. This was accomplished, in part, by an ability to inspire/motivate people through vision and self-belief. Finally, the entrepreneur focused on identifying market opportunities, forging effective support teams, and other such new venture activities. He/she employed such skills as tenacity, tolerance of risk and a mixture of creativity and pragmatism. These descriptions add support to our earlier view that managers focus on current complexity, leaders focus on change and entrepreneurs focus on opportunity. We will continue to develop these three archetypes as the research continues.

Measuring the archetypes: The MEL Index: The MEL ratings provided us with some heuristic findings as well as raising questions on the appropriateness of the measurement methodology and how best to improve the measurement tool. Some early, tentative results were as follows:

--we commenced with the a priori belief that all individuals and organizations possessed some level of each of the three archetypes. We argued that it was possible for an individual and an organization to have high levels of these dimensions without conflict. The exception turned out to be the “manager” and “entrepreneur” combination which represented very different skill sets (e.g., risk averse vs. risk tolerant). This implies that companies often find it difficult to efficiently manage the present while, at the same time, creating a climate that encourages future entrepreneurial vision. Note that this can work both ways. Struggling companies find it hard to be enterprising while entrepreneurial firms often grow too quickly to build effective management processes. It is a tough balance to find!

--we were unsure the extent to which moderating variables such as business context (e.g., stage of industry life cycle) and company type (e.g., public vs. privately owned companies; location of company HQ) would impact ratings scores. Our limited results suggested that successful companies were just as likely to be critical of their balance of capabilities as less successful ones.

--although we only had one US-based company in our pilot sample, we wondered – following observation of the MEL scores -- whether European and family-owned companies evaluate their skills more conservatively than Americans. Future work will try to distinguish between survey artifact and cultural trait.

In order to show how the MEL-Index is operationalized we show below a brief case study from one of the pilot study participants.

MEL Case Study – German Automotive Supplier

The participating company is a more than 200 year-old family-owned and family-run Germany-based supplier to the automotive industry with current customers in Germany, France, Spain, UK, Japan, USA and Brazil and production facilities in Germany, France, Spain, UK, Brazil and the USA. Their revenue was about 450 Mio € in 2008 while employing nearly 4000 employees worldwide. Their strategic goal, established in 2005, is to become a 700 Mio € company by 2010. At the time this required an ambitious growth rate of almost 10% per year.

Continued family control of the company very much determines institutional beliefs and values which, in turn, greatly impacts the way operational activities are undertaken. They focus strongly on remaining independent from outside investors, which requires a healthy cash flow position and above-average returns on capital employed. Their values emphasize long-term-sustainability for the company and the creation of trust with their customers, suppliers and employees.

To help reach their growth targets, the company launched a leadership development program to be attended by senior and mid-level managers. It was during this program that the MEL-Index was administered to all managers present.
The Management group of the company had the following structure. The two managing directors, who also had the titles of CEO and CFO, were legally the sole management team of the company. The CEO was a family member who had taken over from his father in 2003, the latter having run the company for some 25 years. The operational management team contained another 5 members including the heads of production, research and development and HR. A broader management group -- including the operational management team -- of 18 people was formed to contain all country heads and some corporate functions.

Research process
The leadership development program was designed for the 18 members of the broader management group plus another group of 24 direct reports ("middle managers"). In the total group of 42 people, 7 nationalities were represented. These senior and middle managers formed the sample for our research in this company. We asked all attendees to do a self evaluation of their own MEL capabilities along with a peer MEL evaluation for each of their colleagues in their specific group (management group vs. direct reports). In addition, we requested that the middle managers do an evaluation of all members of the management group, included their direct superior.

Results
A key initial observation was that there was some considerable deviation between the self evaluations and the peer evaluations of the two managing directors. In particular, the CEO saw himself as a leader, while his peers saw him as much more of a manager. This could be a serious concern, because the general expectation of a CEO is for him/her to be a strong leader. But in this case, other members of the operational management team are probably expressing a perceived gap between expectation and their experienced reality. As the CEO saw himself as a strong leader, he feels no need to change. However, when asked to explain their ratings the management team felt that the real feature of the CEO's leadership style was a lot of day by day micromanagement. On the other hand, the direct reports ("middle managers") rated the CEO quite strongly on the leader and entrepreneur dimensions. This was possibly because ratings were based on expectations rather than direct experience.

![Figure 6: MEL-ratings of CEO](image_url)

The CFO ratings were a little different, but no less worrying. He saw himself to be an even stronger leader than the CEO, a very week entrepreneur and an average manager. His peers evaluated him as average on all three dimensions. The middle managers saw him as a strong manager and average on the other two dimensions. The CFO’s self perception as a strong leader resulted – according to his peers and the middle managers -- in numerous misunderstandings and difficulties in the operation of the day to day business.
Another notable observation was that the weakest dimension on individual ratings for the management team was for the entrepreneur. There are at least two plausible explanations for this. The first is that senior managers are unlikely to be strong entrepreneurs themselves, but act as influential leaders to facilitate entrepreneurial activity in other parts of the organization. There may be some support for this point of view as the middle manager rating was higher on the entrepreneur trait. A less positive explanation is that senior managers did indeed lack the entrepreneurial mindset and this was reflected in their weak entrepreneur scores. This would not bode well for future innovative company initiatives.

**Figure 7: MEL-ratings of CFO**

<table>
<thead>
<tr>
<th>Name</th>
<th>Manager Index</th>
<th>Entrepreneur Index</th>
<th>Leader Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Top</td>
<td>7.2</td>
<td>5.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Peer Top</td>
<td>6.8</td>
<td>5.5</td>
<td>6.9</td>
</tr>
<tr>
<td>Self</td>
<td>6.0</td>
<td>1.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Middle Man.</td>
<td>8.7</td>
<td>5.5</td>
<td>6.1</td>
</tr>
</tbody>
</table>

MEL-Top (CFO) = (7,6,7)
MEL-Self (CFO) = (6,1,9)
MEL-Mid (CFO) = (9,6,6)

**Figure 8: MEL – Rating of Management Team**

- Top Self Avg: 7.4, 4.8, 7.1
- Top Peer Avg: 7.7, 5.4, 6.2
- Top Middle Man: 7.3, 5.5, 5.9

MEL (Top Self) = (7,5,7)
MEL (Top Peer) = (8,5,6)
MEL (Top Mid) = (7,6,6)

**Innovation**

After all participants were confronted with the MEL results, the middle manager group commenced a discussion about the level of innovation in the company. Several high potential opportunities generated by this group were rejected by the top team, including the head of research and development. These ideas were in the area of platform innovation involving new materials, new product versions, etc. The top-team felt that the company had been innovative for more than 200 years and continued to be so. 

The MEL-evaluation of the head of research and development shows that he sees himself as a very strong manager. This view is shared by his peers. However, the middle managers evaluate the R&D head as just average on all three capabilities. If the R&D head focuses on his perceived management skills, then it is quite possible that he will not take
too much risk to find out the potential of new ideas and will emphasize a rigid and cautious development process. Indeed, the middle managers described this approach as the core of the innovation process in the company. Such a reserved view of opportunity search is supported by the weak entrepreneur scores of the entire top team (see figure 8).

**Head of Research and Development CTO**

<table>
<thead>
<tr>
<th>Name</th>
<th>Manager Index</th>
<th>Entrepreneur Index</th>
<th>Leader Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Top</td>
<td>7.2</td>
<td>5.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Peer Top Self</td>
<td>7.5</td>
<td>6.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Middle Man.</td>
<td>6.4</td>
<td>5.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

MEL-Top (CTO) = (8,6,6)
MEL-Self (CTO) = (9,6,7)
MEL-Mid (CTO) = (6,6,6)

**Figure 9: MEL-Rating for Head of Research and Development**

**Conclusions**
The first reaction of the senior management team was to voice surprise at their individual and peer evaluations on the leader- and manager-dimensions. In particular, there was general agreement that stronger leadership was needed at the top of the company (despite the self-evaluations of the CEO and CFO!). In addition, concern was raised at the weak entrepreneur scores. It was felt that the company’s most senior executives should be much more future oriented, exhibiting stronger leader (and perhaps entrepreneur) than manager traits. The program participants immediately started the discussion as to how they got into the present position and how their promotion and selection procedure should be modified. Unlike the opposition to R&D improvements, changes were quickly approved (a less threatening action to top managers?) and the decision made to aggressively look for leader quality middle managers to move into top positions in the near future. Subsequently, two leader oriented people have been promoted recently into the top team.

**Company developments since the research**
Because of a strategic decision to concentrate mainly on the German and Japanese car manufacturers, all other operations were sold and the company reduced to nearly half the size. They are now in the range of a 250 Mio € company with less than 2000 employees. At present they are struggling with the current financial crisis along with all other players in the automotive industry. Just prior to the crisis taking hold, the CEO and the CFO were asked to leave and a new CEO and CFO appointed. This move was initiated by the head of the advisory board, a family member and the previous CEO, out of concern for the company’s health and progress. He had run the company for about 25 years and was evaluated as a strong entrepreneur and leader. Of course our findings about the weaknesses of the CEO and the CFO did not directly precipitate their leaving, but it did draw to the attention of others the need for more leader-and entrepreneur-capabilities at the top of this company. And so the head of the advisory board acted.

**Future Research Program: Improving the MEL-Index**
Participants found the MEL-Index interesting and easy to use. The figure below shows the type of data collected from the interviews.
Although pleased with the face validity and ease of application of the “triangle,” we will add additional measures to further improve the diagnostic insight of the instrument. First, we will examine the variance in scores as well as the mean. This will allow us to test for conformity of views within the firm and to look for the reasons for variance. Secondly, we will calculate the rating ratios for Manager/Leader (ML), Manager/Entrepreneur (ME), and Leader/Entrepreneur (LE) at both the individual and institutional levels. This analysis will provide further understanding of how closely archetypes are associated and under what circumstances (e.g., company innovation intensity) these associations may be strongest.

As we move to collecting MEL data for the full study, it will be important to correlate the Index scores with a number of descriptive measures. Of particular importance will be an innovation index which identifies the percentage of revenue generated from products and services introduced in the past 3 years.

**Program for Extended Study (2009):** We will continue to measure manager, entrepreneur, and leader capabilities, using the improved MEL Index, while also collecting open-ended comments that help explain the MEL ratings. Because of the continued exploratory nature of the work, combined with the rich insights resulting from personal interviews, all data will be gathered from respondents via face-to-face interactions.

We will initially conduct the research in North America and Western Europe. Eventually, we would like to extend this to South-East Asia to provide a more global perspective on the MEL role in sustaining innovation. Our goal for the next 12 – 18 months is to identify 10 companies in North America and 10 in Europe. They will be a mix of large (revenue > $1b) and small/medium ($100m - $1b) companies, and of publicly and family owned businesses. Within each company, interviews will be administered to 5-8 senior executives and 12-15 “high potential” employees. Firms will be selected on the basis of references and personal contacts. The interview process, in most cases, will be conducted on site although on occasion – as both authors are heavily involved in customized executive education – interviews will be embedded into management development programs. Because we feel that this topic of guiding the ambidextrous organization – and specifically the role of managers, entrepreneurs and leaders in undertaking this task – is of such interest and importance to both the academic and business community, we are in the process of creating a web site that will invite comments on the study and encourage visitors to suggest how the research initiative can be further expanded and improved. We are hopeful that this work will stimulate other researchers to explore the MEL interface and open a new research stream within the field of management studies.

This extended project will bridge the interests of both academics and the business community. Its primary goal is to provide insight and guidelines to senior executives on the leadership actions required to sustain innovation within the global corporation. It should also be of great interest to applied academic scholars, who continue to look for human correlates of economic success in a rapidly changing business environment. We believe we are at the outset of an exciting research journey.

**References**


**Philip A. Dover** is a Faculty Director at Babson Executive Education and an Associate Professor of Marketing at Babson College. He has led custom executive education programs on strategic market management and corporate entrepreneurship topics with major companies around the globe. He also consults and publishes in these areas with particular emphasis on business-to-business and high technology markets.

**Udo Dierk** is a Professor of Leadership and Entrepreneurship at the International Center for Management Learning in Paderborn, Germany. He was previously VP of Management Learning at the Siemens Corporate University. He teaches and consults extensively on organizational development issues and is an acknowledged expert on business-driven action learning. His research interests include executive pedagogy where he is on the editorial board of the *Academy of Management Learning and Education*.