

# THE ROLE OF MANAGERS, ENTREPRENEURS AND LEADERS IN SUSTAINING THE ORGANIZATION

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## 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. Such individuals must operate and cooperate within what has become known as the “ambidextrous organization” where a balance must be found between efficiently managing the present while assiduously embracing future change. Because their values and goals often diverge, there is considerable potential for individual conflict and institutional paralysis. 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, especially when combined with such contextual variables as company size, geographical location and innovation propensity. Improvements were made in the test instrument, which will form part of the subsequent extended study.*

**Keywords:** Managers, leaders, entrepreneurs, innovation, ambidexterity

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## INTRODUCTION

The continued sustainability of companies depends on effective management of the present combined with imaginative vision for the future. On the one hand, they 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.

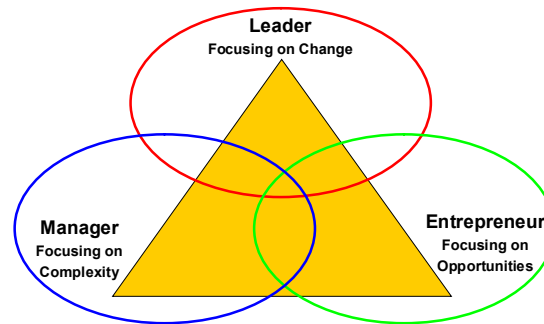
Many organizations struggle to attain this delicate balance with the result that otherwise adept companies often fail in rapidly changing markets. Following many years of observing and working with both SME's and large international corporations, we became fascinated by the concept of the *ambidextrous organization*<sup>1</sup> 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 group 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., 6, 9, 12, 14). 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)*.

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<sup>1</sup> This term was first used by O'Reilly and Tushman (9) to describe companies that manage for short-term efficiency by emphasizing stability and control, and for long-term innovation by taking risks and learning by doing.

**Figure 1: Archetypes : Manager – Entrepreneur - Leader**



While the management literature is quite well represented by work on the similarities and differences between leaders and managers (e.g., 4, 14) – and has started to address, if somewhat less completely, the associated role of corporate entrepreneurs (e.g., 2, 3, 12) – 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?

If everyone working in a major decision making role has some degree of each of the three archetypes in him/her, then the balance of these archetypes could cast a negative as well as a positive influence on decision making at both the individual and leadership team levels. Consequently, our interest lay in understanding and measuring the combined 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 paper reports on 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 out over the next few years.

### LITERATURE SUMMARY

A recent large-scale study by McKinsey (7), involving over 115,000 managers from almost 400 discrete business units in 231 global businesses, posed the question as to which combination of management practices are the most effective at creating high levels of near-term organizational performance and longer-term organizational health. They found that by far the most dominant base case pointed to *accountability, clear direction setting, and a strong culture* as the main foundations of a high-performing company. To quote from the report, “senior executives must provide for clear roles within a structure matched to the needs of the business (accountability), articulate a compelling vision of the future (direction), and develop an environment that encourages openness, trust, and challenge (culture). Note that it is the complementarity among such practices that creates organizational excellence – that is, the ability to generate sustained performance year after year. The report also noted that contextual differences in organizational culture and strategy are more important than contextual differences among industries or types of work. The base case is equally successful in, for example, manufacturing industries, dominated by equipment and labor; financial services, dominated by capital and systems; and pharmaceutical companies, dominated by knowledge and innovation.

These thought-provoking findings are germane to our view that three archetypes of leadership exist.<sup>2</sup> We can see “accountability” as mainly a managerial function, requiring the ability to guide present and near-future activities. “Direction” is very much a leadership role that maps the future and prepares the organization for change. The “culture” dimension can be seen to embrace – at least in part – an entrepreneurial element. Here trust and openness stimulate the decentralized search for value creation through new product and process opportunities. The dominant characteristics of the archetypes conform to these classifications – managers being structured and risk averse, leaders more visionary and change oriented, with entrepreneurs

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<sup>2</sup> For a full literature review of the roles and traits of managers, entrepreneurs and leaders, please contact the authors for a copy of a longer working paper on the MEL pilot study.

opportunity driven and independent. It bears repeating that a company's performance and underlying health are much more likely to be improved by a combination of complimentary practices. The statement that "most corporations today are over-managed and under-led" may not be an indictment of managers but a critical comment on the need for a variety of talent to resolve ever-shifting commercial challenges.

One final point – a close reading of the literature suggests leaders fulfill a facilitation role for the internal and external "activists" by providing an environment in which the entrepreneurial spirit can flourish. On the other hand managers, in their pursuit of highly focused outcomes from current affairs, may well inhibit both leadership and entrepreneurial tendencies. If the result is conflict between these archetypes, how best can it be leveraged for competitive advantage?

## 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 (13). Each of their three project types requires a unique combination of development resources and management styles.

*Derivative projects* (often referred to as *incremental innovation*) range from cost-reduced versions of existing products to add-ons or enhancements for an existing production process. 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.<sup>3</sup>

*Breakthrough projects* (or *radical innovation*) are at the other end of the development spectrum because they involve significant changes to existing products and processes. 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 products do. 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.

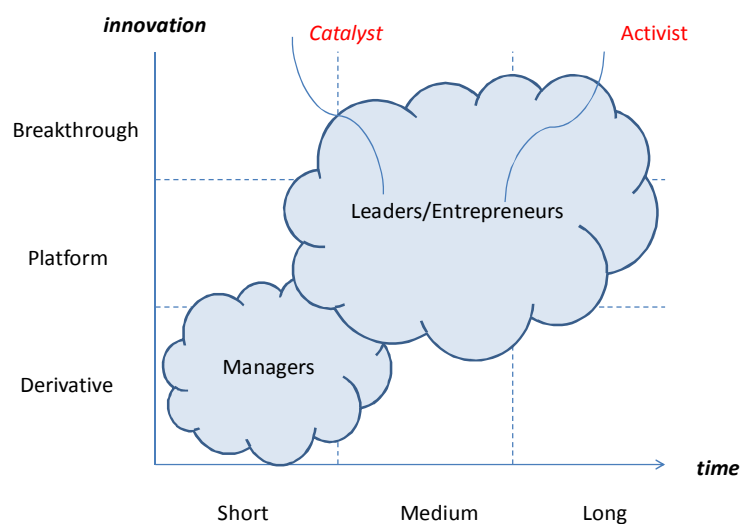
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<sup>3</sup> Although the Wheelwright and Clark typology refers only to products and the associated production processes, the derivative – platform – breakthrough classification appears just as relevant for service activities.

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 (13). Another way of viewing this is that managers over-emphasize the importance of derivatives as they strive to optimize the efficiency of current practices. 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 (13). This is not the allocation in most organizations where in excess of 50% investment is earmarked for derivative improvements.

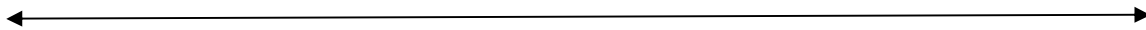
It may be helpful to diagrammatically show our thinking so far. If we represent “*innovation type*” and “*time*” on the axes, we can suggest the differential roles of managers, leaders and entrepreneurs in pursuing innovation strategies over varying time horizons. It is postulated that leaders play more 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**



The dimension of *perceived risk* warrants consideration as we seek to operationalize the concept of the *ambidextrous organization*. 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:

*Improve Efficiency* → *Engender/Facilitate Change* → *Create Opportunities; Activate Change*



**Managers**

**Leaders**

**Entrepreneurs**

*Risk Averse*

*Risk Taker + Risk Minimizer*

*Risk Taker*

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), 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 (8) noted that “entrepreneurs were uniquely skilled at sensing emerging opportunities or the potential of nascent technologies and through perseverance and determination build successful new enterprises.” Adding to these macro-factors we would suggest measuring the impact of corporate (e.g., privately vs. publicly owned) and national (e.g., European vs. US) culture. A further contextual variable that can substantially influence the focus of innovation activity, and therefore the nature of personnel talent sought, is the industry life cycle (see 13). In the early stages of growth, innovative, dynamic companies gain market position by employing a breakthrough-platform strategy, giving full reign to the entrepreneurial spirit. But as the industry develops and the opportunity for breakthrough products decreases competitors try to satisfy increasingly sophisticated customers by rapidly making incremental improvements in existing products.<sup>4</sup>

## RESEARCH DESIGN AND METHODOLOGY

This Pilot Study was conducted over a 9 month period during 2008. Our interest lay in starting the process of understanding and measuring the role of the manager, entrepreneur and leader (MEL) in guiding a company’s fortunes. The results have been used to design a large scale global project aimed at linking a company’s MEL capabilities with growth through continuous innovation. Data will be collected in the second half of 2009 with a final report available by June 2010.

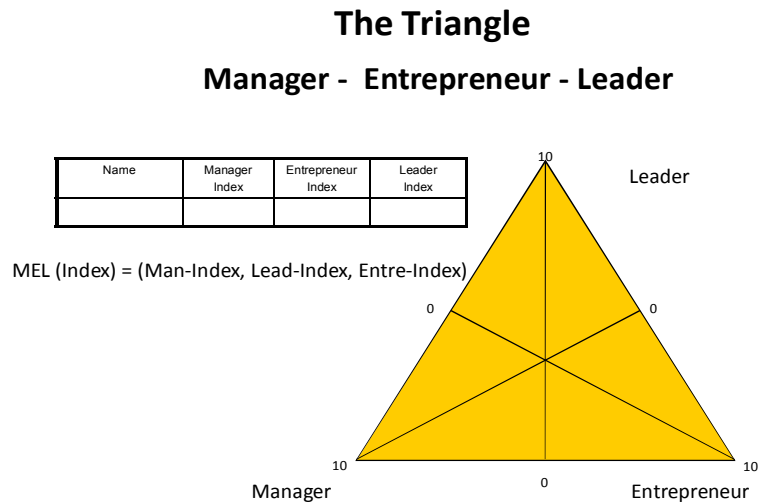
A specific goal was to develop and validate a measurement instrument (the MEL-Index) that allows an organization to assess the managerial, leadership and entrepreneurial capabilities of

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<sup>4</sup> 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 (8) have also depicted leaders as those that “confront change and identify latent potential in businesses that others consider stagnant, mature, declining, or moribund.”

its key personnel. Our initial idea was to use a triangle to visually represent executive perceptions of individual and organizational capabilities on the three archetypes.

**Figure 3: The MEL - Triangle**



A three-dimensional index was used by interviewees to indicate their own ratings and their ratings of the organization on management, leadership and entrepreneurship abilities on zero to ten scales.<sup>5</sup> The triangle simply acted as a clear and attractive way of representing MEL scores while – at least at this stage – no inferences were made about interactions between the three archetypes. In addition, we collected considerable open-ended information from some of the participants. This included a description of the participant’s current job, perceptions of the generic roles and responsibilities on 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.

**Pilot Sample:** 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 have positions such as product managers, functional specialist or corporate support. 9 face-to-face interviews, each lasting between 30 and 60 minutes, were conducted inside three large, multinational corporations (2 European, 1 US). 54 briefer interviews, largely involving administration of the MEL ratings, were carried out with in two German SME’s.

<sup>5</sup> The actual question was: “Please take a look at the triangle. We would like you to rank yourself on the *manager, entrepreneur, and leader* dimensions. On each of the dimensions allocate yourself a score between 0 and 10, with 0 equaling no capabilities and 10 indicating truly outstanding skills.” The rating was repeated for the company as a whole.

Although the sample size was small, we found that all participants were highly involved in the study, were very willing to openly discuss the issues, and were keen to be informed of the results on completion of the project.

## RESEARCH FINDINGS

### Case 1: European Semiconductor Manufacturer (IT)

IT is a European semiconductor company with annual sales of about €4b which regularly flirts between positive and negative net income figures. All 3 participants saw the company as “entrepreneurially underdeveloped.” As one VP noted:

*“Entrepreneurship is one of the company’s biggest weaknesses. We invest too much into mature businesses and are too keen to take the easy opportunities”*

Ratings of the organization reinforced this perceived weakness on the Entrepreneur dimension (average 4.5), were stronger on the Manager axis (7.5) and appeared modest on the Leader score (5.5). This limited evidence suggests a gulf at IT between efficiently managing the present and effectively preparing for the future. Interestingly, the interviewees – thought to be amongst the “best and brightest” in the firm – had MEL self-scores that reversed their rankings for the corporation. They saw themselves as being managerially weaker than the company norm (5.5), entrepreneurially stronger (7.5), and similar in leadership ability (6.0).

### Case 2: European Computer Manufacturer (C)

C is currently a mid-market player with sales of about €7b and wafer-thin profits. In reality, it is more of a regional than global competitor and faces the classical challenge of how to confront the “big boys.”

3 interviews were conducted. Both of the high potential participants recognized the senior executive interviewed (Head of the Storage BU) as the company’s leading entrepreneur. He was described as follows:

*“He is able to win people over. He has a combination of charisma and being a “pain in the backside” (he just doesn’t let go). He has a strong belief in his own actions which often turned out to be right”*

The MEL ratings at both the individual and institutional level were comparable to those found at IT. C is considered to be strong managerially (7.5), weak as an entrepreneurial corporation (4), with improvements required in leadership (5.5). The current business context suggests the need for a better balance of capabilities:

*“To date operational efficiency has been the key. In such a climate it is hard to take a risk and do something new and different. But we now recognize that there is an innovation problem”*

The senior executive believes he has strong leadership (8) and entrepreneurial (9) skills, but modest managerial talents (5). He argues strongly for evangelizing entrepreneurship within the organization and thinks that entrepreneurial skills can be taught through training.

### **Case 3: US Mechanical and Electrical Construction Company (E)**

E is a Fortune 500 company with \$6b in annual revenues and a healthy EBIT position. It is a leader in mechanical and electrical construction, energy infrastructure, and end-to-end facilities services. It operates 76 companies across 170 locations – mainly in the US -- with much of its growth coming from an aggressive acquisitions program. It benefits enormously from a charismatic CEO and a visionary, yet tough, COO.

Descriptions of the entrepreneur's role were similar to those of the previous companies – always looking for ways to exploit opportunities, tolerance of risk, understanding that nobody can do it all alone, passionate commitment, etc. Where E differed, however, was in their appreciation of the support required to create and nourish the entrepreneurial process:

*“We must have the spirit to be able to explore opportunities. Our model allows this to happen by removing control from the Centre and allowing decisions to be made in the local companies. We are responsive to new ideas almost to a fault. This makes the folks in the field feel that they own the company”*

All three interviewees (COO, CFO, V.P Services) described the company as very entrepreneurial (9) with much of the stimulus coming from the leadership of the CEO. Leadership was seen as fairly strong (7.5) while management scores lagged (5.5). At the personal level, the COO saw himself as a compelling leader (9.5), a sound entrepreneur (7 – this score was not higher as he believed himself to be a facilitator for entrepreneurs rather than an entrepreneur himself), and a modest manager (5.5).

It is instructive to observe the differences between E and the two previous struggling companies. In E's case adjusting to change and generating entrepreneurial ideas is not a problem. Their main concern is establishing managerial discipline in a fast growing organization. The search for balance works in all directions!

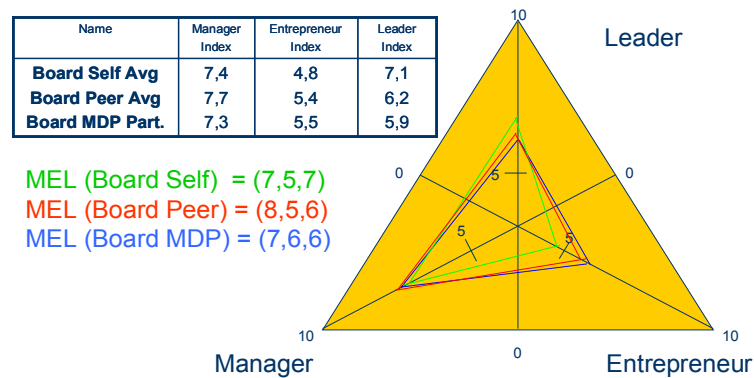
### **Case 4: German Automotive Supplier (M)**

Company M produces various plastic components for automobiles and flexible moldings for a wide variety of applications in other industries. It is over 275 years old and still a privately owned company now in its 8<sup>th</sup> generation of family management. They employ about 4,500 employees, have revenue of approximately €400m, and do business in Europe, North and South America and Asia. The company is struggling both commercially and financially in an increasingly competitive market.

The interview process was rather different in this example. Here the interviews were embedded into a management development program including both middle and senior executives. This allowed a larger sample size to be interviewed (20 middle managers; 18 senior executives, including the CEO and CFO and 4 other members of the executive board) although time was only available to collect ranking data on perceived manager, entrepreneur

and leader capabilities (i.e., application of the triangle). In order to avoid bias in self-reports, senior executives assessed their own and their peers' MEL capabilities, while the middle managers, in addition to evaluating themselves and their peers, rated the MEL abilities of each of the top management team. An example of the aggregated findings follows:

**Figure 4: Evaluation of Executive Board by themselves (n=6), their peers and by Middle Management (n=20)**



There is considerable consistency between the peer evaluations provided by the Executive Board (and by the senior executive team) and the ratings of this Board by Middle Management. The similarity of scores suggests agreement that the company has, at best, modest leadership and entrepreneurial capabilities in the higher ranks of the organization.

One benefit of collecting the rating data during a management development program was that it allowed for a “real time” debriefing on the results. Much of the subsequent discussion revolved around the lack of leadership and entrepreneurial instincts among Senior Executives. Having access to the MEL findings facilitated a frank and open discourse between different levels of management, a situation very hard to replicate in the normal course of business.

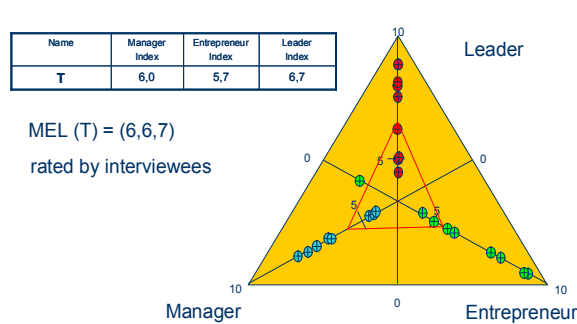
### Case 5: German Fiber Composites Company (A)

A is a technology leader in high-end composites used to serve the aerospace, automobile, marine, energy and paper industries. Founded about 25 years ago and still a family owned company, sales are growing at between 20 – 25% per year. Current revenues are about €70m with sales expected to reach €200m within the next four years. Although moves are being made to make it an international company, it remains – for the present – a very German organization. The company is split into two operating units. The first is the original firm, involved mainly with stable and organic growth in precision carbon fiber and metal tubes for the paper and printing industries. The second is a recent and dynamic start-up, focusing on

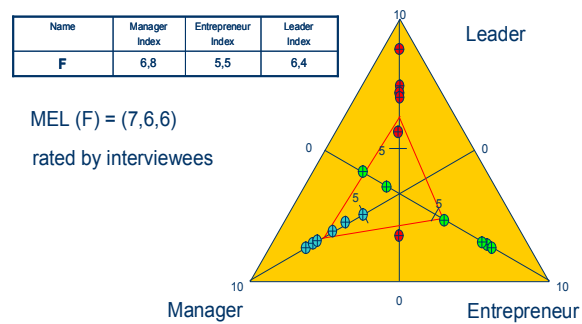
technology leadership in high-end composites and growing largely through acquisitions. It has now by-passed the older unit in terms of revenue.

Interviews were conducted with 16 senior (including the CEO, who is also the founder) and mid-range executives prior to the commencement of a management development program. MEL self-evaluation ratings were collected from all respondents as well as scores for the two operating companies (T and F). The self-evaluation results are shown below:

**Figure 5: Self-Evaluation (T): 7 Middle and 2 Senior Executives**



**Figure 6: Self-Evaluation (F): 5 Middle and 2 Senior Executives**



In this case, we have shown the range of scores from each MEL self-evaluation rather than the mean score. For T -- a well-established company with a reputation for quality in a fairly mature technology market -- the widest range (3 → 9) comes from the entrepreneur ratings. This appears to be a sound balance but much depends on the interaction between these entrepreneurial measures and those for managers and leaders. Our next project will look to more closely assess this MEL interaction effect.

F is an aggressive start-up pursuing state-of-the-art technology and market growth mainly through acquisitions. The MEL result shows a company that is relatively strong on management – much needed to assimilate the acquired companies – but less impressive on both leadership and entrepreneurial capabilities. This led the CEO to question whether there was an appropriate balance of executive skills available to such an ambitious company. An initiative was launched to identify new personnel with high entrepreneurial and leadership profiles. In part, this will revolve around retaining and motivating strong leaders and entrepreneurs from acquired companies rather than having them leave to find new ventures.

## FUTURE RESEARCH DESIGN

**Lessons Learned from the Pilot Program:** The pilot interviews employed a case based approach to providing experiential and inductive learning. This is a productive methodology

when new and complex research topics are tackled that have generated little prior knowledge (see, for example, 1).

***Describing the archetypes: Managers – Leaders – Entrepreneurs:*** When we asked respondents to describe the roles and responsibilities of managers, leaders and entrepreneurs, our findings supported the results from the literature review and our own *a priori* assumptions. That is, managers *focus mainly on current complexity*, leaders *focus on change* while entrepreneurs *focus on opportunity*. We will continue to deepen our understanding of these three archetypes as the research continues.

***Measuring the archetypes: The MEL Index:*** We used the concept of a triangle and three 0-10 rating scales to represent the perceived levels of individual and organizational management, leadership and entrepreneurial capability. This generated a three-dimensional measure which we've called the MEL-Index. It provides us with some heuristic findings as well as raising questions on the appropriateness of the measurement methodology. Let's start with some results and the tentative conclusions that can be drawn from them:

-- It appeared possible for an individual to have high levels of two of the dimensions without conflict. The exception was for the "manager" and "entrepreneur" combination which represent very different skill sets (e.g., risk averse vs. risk tolerant). Significantly, this finding was also replicated at the organizational level. This implies that companies 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.

-- We were very interested in 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) 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. For example, the need for a greatly improved entrepreneurial spirit has become critical at the European computer manufacturer now that they have resolved their short-term, operational difficulties. On the other hand, the search for enhanced entrepreneurial skills at the German Fiber Composites firm, an apparently flourishing enterprise, results from fast growth coming mainly from acquisition rather than in-house innovation.

-- Although we had only one US-based company in our pilot sample, we wondered whether Europeans evaluate their skills more conservatively than Americans. Similarly, are employees in family owned companies more likely to be conservative? We must take care in future work to distinguish between rating artifact and a genuine desire to pursue high levels of MEL capabilities.

***Improving the MEL-Index:*** Participants agreed that the MEL-Index was both interesting and easy to use. Although pleased with the face validity of the "triangle," we will explore additional measures to further improve the diagnostic insight of the instrument. These will include the following:

- Do respondents consider the measures for managers, entrepreneurs and leaders to be independent or interdependent? In order to tease this out we will have participants allocate points within a fixed sum. For example: “You have been allocated 100 points. Given your (your company’s) management, leadership and entrepreneurial capabilities, how would you allocate these 100 points? What would be the *ideal* allocation?”
- We will, wherever possible, endeavor to collect peer as well as self-evaluations in order to minimize possible response bias.
- We will examine the variance in scores (see, for example, companies T and F) as well as the mean. This will allow us to test for conformity of views and to look for the reasons for variance. This will be especially useful if we are able to collect data from *specialized innovation teams* within participating companies.
- 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. Additionally, we will classify these innovations as derivative, platform or breakthrough.

**Program for Extended Study (2009-10):** We will continue to measure manager, entrepreneur, and leader capabilities, using the improved MEL Index (see above), 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.

For pragmatic reasons (influenced primarily by time and funding) 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, therefore, 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. We will ensure that selected subjects form part of one or more in-tact innovation teams so that the impact of team dynamics can also be studied.

The interview process, in most cases, will be conducted on site. However, for two of the companies in the present pilot study the interviews were embedded into a management development program. This proved a very fruitful framework for data collection and analysis as not only were many senior executives and high potentials in attendance but participation in

the study stimulated intense post-interview discussion about the outcomes and encouraged early remedial action to be taken. We will continue this practice of using management development programs where appropriate.

## CONCLUSION

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 establishing an MEL-Institute with a web site ([www.mel-institute.com](http://www.mel-institute.com)) 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 an important, 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 success in a rapidly changing business environment. We believe we are at the outset of an exciting research journey.

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