



Ross School of Business at the University of Michigan

**Independent Study Project Report**

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Global Entrepreneurial Leadership  
**G R O W T H**

Submitted to  
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Hypothesis: Growth can be derived from global entrepreneurial leadership.

To examine this hypothesis, let us examine each element individually.

### **Global Mindset**

Companies cannot expect success if they confine themselves to compete domestically. Their radar screen must encompass a global perspective that highlights regional opportunities outside of their home countries. The past success of the Global Leadership Program provides a large body of evidence to support this claim. However, I propose recasting the definition of *global* to mean *universal*. The business world is no longer defined by political or geographical boundaries. In fact, one questions the existence of boundaries at all.

The power of knowledge all around the world is ramping up exponentially and those who can leverage it globally will find success. The market for information is becoming more efficient everyday. Yet, those who can develop frameworks to apply that information will gain new insight and competitive advantage. Global information will be the new currency, and those who manage it will be the 21st Century power brokers. Consider that from 1996 to 2025, global demographic trends indicate that the world population will increase from 6 billion to 8 billion while the number of college students will grow from 65 million to 120 million. Also, the number of televisions will increase from 850 million to 5 billion. Now that our information gathering and disseminating capability is at an all time high, we must understand how to use it.

Raw information by itself will not be sufficient for the next generation of leaders. The convergence of information and entertainment has given birth to "info-tainment." As the era of information technology ushers in a flood of data, only the best dressed info-bytes will command attention and credibility. The ability to understand how to appeal to particular population segments will be crucial for designing packaging schemes for the data. The definition of community among the people in these segments may be surprising.

Global networks, already critical for success, will evolve into "communities of strangers." These segments will consist of people who may never meet in person, but who share a common set of ideas and values. Their only interaction among each other may be via videoconference, phone call, or e-mail exchange. Yet, an individual's success will depend on the global or universal exchange of information and cooperation with people all around the world.

### **Entrepreneurial Spirit**

The entrepreneurial spirit can be characterized by an insatiable desire to quickly design products and services to profitably address unfulfilled needs. Entrepreneurs are often viewed as "blue sky" visionaries because the market for their inventions may not yet exist. Yet they believe that they have "**discovered**" some unique insight that no one else has found. While others are struggling with the *status quo*, entrepreneurs are challenging the *avant garde*.

Speed is paramount to the entrepreneurs success. In terms of product development, they are extremely aggressive because they understand value that "time to market" drives "time to money." They are driven to innovate new products and services to capture the market they are creating before a follow-on competitor can displace them. For example, Gateway 2000 changes product configurations and prices every 3 days to stay ahead of technology advances and memory costs.

In terms of marketing, entrepreneurs must quickly position themselves as the uniquely qualified solution provider. Referring again to the personal computer industry, many competitors may sell the same PC's in this fragmented market, but Gateway has established itself as a brand, not just a PC manufacturer. The barriers to entry are relatively low for PC assemblers, so Gateway sought to differentiate themselves from future competitors. Today, they are able to leverage their brand equity in the consumer market to create brand preference.

While growth is fueled by rapid product development and effective marketing, operational excellence is another key success factor. Microsoft's earnings have enabled it to plow back its earnings into research and development to further its lead over its distant competitors. Startup firms must be able to accurately forecast and achieve their burn rate to secure future funding from venture capitalists. A good example of operational excellence in an entrepreneurial context comes from the non-profit sector. Organizations, such as Focus Hope, tend to be constrained by funding and have learned to be good stewards of their limited resources. Socially

responsible for profit organizations, such as The Body Shop and Patagonia, have strong track records of minimizing waste in their operations.

## **Leadership**

One of the greatest challenges that entrepreneurs face is convincing others that there is a market for their product or service. Entrepreneurial leaders must be evangelists of their own ventures and ideas. Sometimes the ideas are so innovative that skeptics cannot envision the paradigm shifts. Leaders must be able to communicate their vision to others and persuade them to follow. In other words, they must transfuse their own passion into others, both inside and outside of their own organization. Yet, patience and a sense of humor are also helpful because the world often cannot change overnight.

The existing infrastructure sometimes cannot support the change and therefore the entrepreneur must create it. For example., Steve Wozniak and Steve Jobs envisioned a world where people used personal computers for daily tasks. However, there was no infrastructure in place. Yet their invention of the Apple computer spawned an entire industry that would change the way people live their lives forever. Later in Apple's life, they commercialized the graphical user interface (GUI), which included a myriad of fonts and graphics that enhance the appearance of text. However. Apple also had to launch a new line of printers that were capable of producing the hardcopy.

Another means of creating infrastructure is to form alliances with companies that will contribute to standard setting. Convincing early adopters to endorse your standards may eventually lead to an industry standard, For example, IBM convinced the infant PC industry to standardize on its platform instead of Apple's, However, this presents a whole new set of leadership challenges at the boundary, Revisiting IBM, it mismanaged its suppliers and allowed Intel and Microsoft to usurp its power, Effective leaders need to influence people over whom they have no hierarchical advantage. They must develop trust among their partners as they venture into uncharted territories together. This is analogous to the Hurricane Island Outward Bound experience.

Another example of the importance of leadership comes from deregulating industries. RBOCs and power utilities organization were not designed to compete in a free market. Yet as outsiders threaten to marginalize the existing players, the incumbents must rethink their organizations' ability develop new products and services, build brand equity, and deliver operational excellence. The executives must develop leaders who can inspire their teams to creatively destroy the existing infrastructure to invent highly aggressive organizations,

### **"GEL"**

Having examined each component of Global Entrepreneurial Leadership, let us consider how these elements "GEL" together. The leaders of growth in the 21st Century will gather and analyze information from anywhere in the world, without

boundary. They will be driven to innovate faster than their competitor.

Furthermore, in the 21st Century, winners will be recognized for the markets they create instead of the products and services they invent. Those who understand this vision and can inject the entrepreneurial spirit into others will be seen as pioneers of the 21st Century.



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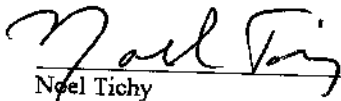
## FACULTY COMMENTS

This fulfills Andrew Wong's requirements for OB-HRM 750. This paper is a conceptual framework that sets the stage for empirical research on global entrepreneurialism in the business sector. It is a solid initial framing of some of the key areas.

The section on global mindset does a good job of linking this important concept with global networks. First the notion of developing in leaders the intellectual apparatus for framing business decisions in the context of geo political and cultural issues is extremely critical to success in the future. It is through the development and maintenance of global networks that our successful leaders take raw data and turn it into knowledge. There is a great deal of room for empirical work on how these networks are both built and utilized.

The section that combines leadership and entrepreneurialism is lacking in its conceptual depth. An area which must be tackled prior to any further research is a clearer concept of how these two interrelate.

The challenge going forward is tighter conceptual work coupled with a review of the literature and some exploratory empirical work.



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