



Corporate Entrepreneurship – June 2011

Internal Entrepreneurs – Growth or Cost Leadership

By Susan Foley

As IBM approaches its 100th anniversary they are at a pivotal turning point – *growth or cost cutting*. Like many companies IBM has spent a lot of the last decade streamlining operations and cutting costs. Now they must decide whether to continue on the current path or forge a new path to growth.

The decision that IBM makes on this strategic issue may decide the fate of two individuals poised as potential successors to Sam Palmisano, CEO of IBM. The selection of one candidate could signal a continuation of cost cutting, the selection of the other a shift in focus to growth.

Although both candidates have similar backgrounds, one candidate has spent the last several years running sales and building the services business. The other has been effective at cost cutting which has helped raise profits. http://www.businessweek.com/magazine/content/11_25/b4233022707215.htm

We need both of these capabilities in our leaders – *growth and cost cutting*.

The ability to do both at the same time requires a unique set of skills not often found in the same individual. Traditional leadership practices are important for leading and streamlining the core business but entrepreneurial leadership is needed for building new growth businesses.

Growth and cost cutting are two sides of the same coin – *leadership*.

The paradox of leadership is that we can no longer think of everything in terms of either/or. We must look at everything as an and/also. We must learn how to cut costs at the same time that we are building new growth businesses. Leaders must learn to live and work with this paradox. It requires a new level of leadership and development that goes beyond established executive training programs.

In the article, *Developing Multidimensional Leaders*, Jeffrey Sugerman is quoted as saying, “*In studies that we conducted,...the ones (leaders) who were viewed as most effective were good at everything, maybe differing degrees, but they weren’t just good at one thing. The effective leaders we found were much more flexible in the range of leadership styles and competencies they could bring to their organizations.*” <http://clomedia.com/articles/view/developing-multidimensional-leaders>

Organizations can no longer rely on developing leaders who excel in a few dimensions. We need leaders who have the capabilities to deal with a rapidly and dynamically evolving business environment which include both growth and cost reduction.

It is not growth or cost leadership but growth and cost leadership that are needed in our leaders.

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