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**Designing and Leading the
Entrepreneurial Organization**



MIT Sloan School of Management

Why Managers Derail

	Source of Initial Success		Can Become Fatal Flaws
Track Record	Makes an impressive impact in functional or technical area	➔	Seen as too narrow in a particular area
Brilliance	Seen as uncommonly bright	➔	Intimidating; dismissive of other people's ideas
Commitment Sacrifice	Extremely loyal to the organization	➔	Defines life in terms of work; expects others to do the same
Charm	Capable of considerable charisma and warmth	➔	Uses selectively to manipulate other people
Ambition	Does whatever is required to achieve success	➔	Does what is necessary to achieve personal success, even at the expense of others in the organization

Origins of the Characteristics Required to Provide Effective Leadership

Origins

- 1. Inborn capacity**
- 2. Early childhood (building on and supplementing inborn capacity)**
- 3. Formal education (building on and supplementing attributes from 1 and 2)**
- 4. Career experiences (building on and supplementing attributes from 1, 2, and 3)**

Personal Requirements Needed for Providing Effective Leadership

- 1. Motivation**
- 2. Personal values**
- 3. Abilities and skills**
- 4. Reputation and track record**
- 5. Relationships in the firm and industry**
- 6. Industry and organizational knowledge**

NOTE: Primary effects only (e.g., the weaker casual links [from education to personal values, for example] are not shown in the exhibit).

References and Resources



John P. Kotter. *The Leadership Factor*. New York: Free Press. 1988.

Morgan W. McCall, Jr., Michael M. Lombardo, and Ann M. Morrison. 1988. *The Lessons of Experience: How Successful Executives Develop on the Job*. New York: Free Press.

Morgan W. McCall, Jr., 1998. *High Flyers: Developing the Next Generation of Leaders*. Boston, MA: Harvard Business School Press.

Some Requirements for Effective Leadership in Senior Management Jobs in Complex Business Settings

(John P. Kotter, 1988. *The Leadership Factor*)



Industry and Organizational Knowledge

- ✧ Broad knowledge of industry (market, competition, products, technologies)
- ✧ Broad knowledge of the company (the key players and what makes the tick, the culture, the history, the systems)

Relationships in the Firm and Industry

- ✧ Broad set of solid relationships

Reputation and Track Record

- ✧ Excellent reputation and a strong track record in a broad set of activities

Abilities and Skills

- ✧ Keen mind (moderately strong analytical ability, good judgment, capacity to think strategically and multi dimensionally)
- ✧ Strong interpersonal skills (ability to develop good working relationships quickly, empathy, ability to sell, sensitivity to people and human nature)

Personal Values

- ✧ High integrity (broadly values all peoples and groups)

Motivation

- ✧ High energy level
- ✧ Strong drive to lead (power and achievement needs backed by self-confidence).