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In Search of Growth Leaders

Most companies have managers who can turbocharge results. The trick is finding -- and nurturing -- them.

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Organic growth. It's the Holy Grail these days of chief executives battered by global competition and eager to find new streams of revenue without always resorting to acquisitions. A cottage industry has sprung up to advise companies on how to achieve organic growth.

But many companies already possess the means to turbocharge their sales, break out of industry molds and capture new markets with innovative products and services.

Indeed, powerful catalysts for organic growth often exist deep within an organization, hidden and untapped. We're talking about a special breed of midlevel managers -- men and women who possess the vision, leadership and entrepreneurial talents that together make up what we refer to as a growth leader.

Growth leaders produce above-average organic growth in mature organizations and markets and create better value for customers. They achieve this often despite corporate oversight as much as because of it. While some individuals figure out how to crack the growth code on their own, senior executives have more to learn about how to recognize and encourage such managers.

Our research has focused on understanding the role of midlevel managers in achieving organic growth. After soliciting nominations from thousands of corporate managers at hundreds of companies, we searched for the few who have been leading successful growth initiatives from within the belly of the corporate whale. What we found were 50 seemingly ordinary managers doing extraordinary things.

What follows -- the product of three years of interviews and testing -- is a look at the characteristics and strategies

that distinguish growth leaders, as well as a guide to developing such managers in any company.

RICH IN EXPERIENCE

All of the growth leaders in our study had unusually varied experience early in their careers. Along the way, they acquired skills that eventually helped them explicitly in their launching of growth initiatives.

One manager in the chemical industry, for example, was able to take his company in a completely new direction: producing customized plastic pellets, which are melted and remolded into products such as plastic bags and auto parts. This manager succeeded not simply because he was brave enough to try, but because he knew every corner of his organization.

He had been trained as an engineer but branched out early and worked in nearly every function at the company, including manufacturing, marketing, and research and development. He also had worked on products ranging from consumer plastics to agricultural chemicals. Having seen how mass customization had worked in these other areas, he was able to transform pellets from a low-growth commodity into the company's growth engine.

Several growth leaders had trained as certified public accountants -- hardly the kind of background we had expected to be a training ground for innovation. But as our study progressed, it became clear that CPAs, in their roles as auditors, interact with a range of clients, industries and business models. Such breadth later gave them the ability to detect opportunities, recognize problems and find solutions that peers missed.

Along with diversity of experience, we found in our subjects a deep-seated belief in their own abilities and in their power to change the world around them.

For them, life is a journey of learning. They thrived on accepting challenges, taking action and getting immediate results. These positive traits tended to reinforce one another in a virtuous circle (please see the accompanying graphic). This type of growth mindset prepared them to see and to chase opportunity.

CHANGING THE RULES.....

Most managers are programmed to think the way the head office does, to seek certainty and to rely on data with which to predict and plan. That approach can work well for an established business that knows its field and where surprises are few. But it is deadly in the world of growth, where what a company doesn't know is far more important than what it does know. Growth is all about uncertainty and how to work with it. Prediction and analysis have their place, but they can't be the only tools a business has.

Another way of looking at it is that growth leaders think like entrepreneurs. They're not averse to gathering data and conducting studies, but they don't rely completely on data to tell them about important market developments.

One executive from a major cable-television network said that a lot of managers get bogged down by seeking too much market data. A manager is never going to know everything, the executive said. At some point, a leader has to "flip that switch and say, 'OK, I've got enough. Let's get going. Here's where we're going.'"

A manager at a confectionery company agreed that speed can be just as important as quantity of knowledge. "Get the product into the marketplace," he said, "and then start to understand what works and doesn't work. If it doesn't work, either take another shot at it or cut your losses." That's the price of learning, he added.

Paradoxically, many organizations push management practices that make growth riskier than it needs to be. Often they demand big-payoff projects that move the needle right away, or they keep secrets from suppliers and share ideas with customers only late in the development process.

Growth leaders rejected such practices. Instead, they flew under the corporate radar by working with suppliers and customers to develop ideas. Many launched their initiatives in small ways that could be expanded later as they proved successful.

A manager who worked for a raw-glass manufacturer was interested in producing more refined products with higher profit margins. On paper, the expected return did not justify the investment that would be required. But instead of abandoning the idea, the manager found a large customer that was interested in the project. After the customer committed, the manager worked with supply-chain partners to get things moving quickly, with little capital investment on his company's part. In the first year of supplying just the one customer, the initiative generated \$50 million in new sales, which grew to \$80 million a year later, enabling the glass maker to become that customer's new No. 1 supplier.

...BUT MANAGING RISK

Although growth leaders embraced new ventures, they weren't risk seekers. In fact, they minimized risk wherever possible.

As the example of the glass manufacturer shows, while most managers are taught to approach new projects by calculating expected return on investment, growth leaders are more likely to estimate an acceptable degree of loss to start. This lets them pursue interesting opportunities without investing more than they can afford to lose.

The managers in our study tended to place small bets fast, then study how their bets had influenced the market. This, in turn, encouraged them either to double-down or to place new bets elsewhere. It's an approach that allowed them to be fast, flexible and capable of capitalizing on early success.

A manager at an international energy company wanted to explore delivery of broadband Internet service over conventional power lines. Rather than conduct time-consuming feasibility studies and dig for data, he started a small business unit in Venezuela that initially would target only 100 customers. With support from a local mobile-

phone partner to acquire and support those 100 customers, the team learned how to deliver the service and soon was reproducing it in larger markets faster than its competitors.

PREFERRING PEOPLE TO DATA

Success was based more often on thoughtful exploration of customers' needs than on dry market data. The managers in our study personally sought detailed knowledge about individual customers, instead of just seeing them as data in market-research reports.

One manager told us he was not "customer-centric," he was "Cynthia-centric." Cynthia, he explained, was a single mother who had ordered his company's personalized candies to be delivered for her son's birthday party. Sadly, the product arrived a day late, and afterward, Cynthia, who had barely been able to afford the gift, called him in tears to express her disappointment. She became his constant reminder of what it means to be a day late in his business.

Direct knowledge about customers also helped the managers see what was most important to the customers in terms of products and services. One manager with a home-electronics retailer went directly to the sales floor to find ways to serve small-business customers better. He talked to the customers himself, asking them about their businesses. When he met real-estate agents, for example, he learned how much time they spent in their cars. So, even though they had come to the store to buy, say, a personal computer, he steered them toward other products that could improve their efficiency on the road, such as a GPS navigational device or a cellphone-speaker system.

This frequent in-store dialogue taught him and other salespeople to see previously unidentified sales opportunities. Their experience, in turn, led to a companywide initiative to teach employees to acquire customer insights through interactions in stores.

PRAGMATIC IDEALISTS

In assembling teams, growth leaders learned to combine two seemingly opposing forces: holding people ruthlessly accountable for results, and engaging their passion to build something great together.

Their overall approach was to be tough but fair. But they were adamant about acquiring staff with only the needed skill sets. Team effectiveness often depended on moving people quickly into positions that optimized

their strengths, and removing people who did not fit or who lacked the necessary capabilities.

Groups pursuing new ventures were seen as no place for rookies. As one leader commented, growth initiatives should be about testing markets, not people. Yet despite this hard-nosed attitude, employees who worked for such managers invariably described them in terms such as "caring," "motivating" and "inspiring."

Managers in our study were also pragmatic in dealing with corporate bureaucracy: They didn't fight the organization; they saved their energy to fight in the marketplace.

Indeed, interviews with the growth leaders revealed little frustration about the corporate hierarchy. Instead, they were experts at avoiding corporate interference as they executed their initiatives. They found supportive bosses who provided cover as they skirted restrictive budgeting processes, purchasing policies and hiring procedures.

The managers tended to ask for forgiveness afterward instead of permission before.

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