

who responded to the offer dramatically improved their performance. As these relationships matured, the entire work group became more productive, and the payoffs were tremendous. Leaders could count on followers to provide the assistance needed for high performance, and followers participated in and influenced decisions. The implications of this finding are that true performance and productivity gains can be achieved by having the leader develop positive relationships one-on-one with each subordinate.

Entrepreneurial Leadership

Another topic of special concern in today's fast-changing world is entrepreneurial leadership. *Entrepreneurship* is the process of initiating a business venture, organizing the necessary resources, and assuming the associated risks and rewards.⁴⁹ Entrepreneurs are leaders of innovation and change. An entrepreneur recognizes a viable idea for a business product or service and carries it out by finding and assembling the necessary resources—money, people, machinery, location—to undertake the business venture. Entrepreneurs assume the risks and reap the rewards or profits of the business.

A good example of an entrepreneur is Jeff Fluhr, who dropped out of Stanford University graduate school to launch StubHub, which resells event tickets. Fluhr saw the opportunity and then struggled to raise money and develop the business. His tenacity paid off as he convinced executives from Viacom Inc., Home Box Office, and Madison Square Garden to invest in his plan to reinvent the online ticket resale industry. StubHub allows sellers to list tickets free of charge and sell them either by auction or at a fixed price.⁵⁰

Entrepreneurial leaders also exist within established organizations. These leaders take risks to create novel solutions to competitive challenges confronting a business, especially the development or enhancement of products and services. Entrepreneurial leadership is a source of innovation and change for established companies. Entrepreneurial leaders proactively pursue new opportunities and translate new ideas into practice. Entrepreneurial leaders display creativity, drive, enthusiasm, and future vision. They tend to be persistent and independent. They are drawn to new opportunities, are action oriented, and try to influence their teams toward creativity, higher performance, and higher profits. Entrepreneurial leaders are more concerned with innovation and creating new processes than with maintaining the status quo. They are willing to stretch themselves and take risks for improvement.⁵¹

Matching Leaders with Roles

As we've discussed in this chapter, although there are a number of characteristics associated with effective leadership, each individual leader has different strengths and a different combination of traits and behaviors. Recent research suggests that different personal characteristics and behavioral styles might be better suited to different types of leadership roles.⁵² Exhibit 2.7 illustrates three types of leadership roles identified in today's organizations by a team of experts at Hay Group. The researchers found that, although there is a core set of competencies that all leaders need, there is significant variation in the personal characteristics, behaviors, and skills that correlate with success in the different roles.

The **operational role** is the closest to a traditional, vertically oriented management role, where an executive has direct control over people and

Operational role
a vertically oriented leadership role in which an executive has direct control over people and resources and the position power to accomplish results