

GETTING BIGGER BY GROWING SMALLER

A New Growth Model For Corporate America

JOEL SHULMAN

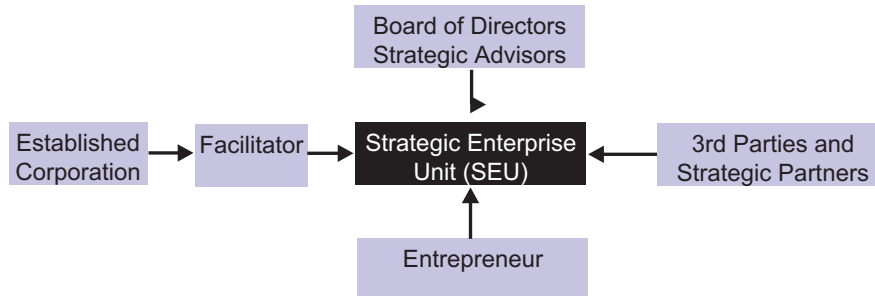
JOEL SHULMAN is associate professor of entrepreneurship at Babson College. Dr. Shulman, a graduate of Harvard, specializes in providing training for investment professionals. In addition to lecturing, Dr. Shulman has also consulted for the World Bank where he assisted with the development of capital markets throughout Central Asia and in the former Soviet Union. Dr. Shulman is the author or co-author of more than seven books including *How to Manage and Evaluate Capital Expenditures* and *Planning Cash Flow*.

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MAIN IDEA

Companies today need a smarter way to grow. The traditional approach of focusing on major investments or acquisitions is running out of steam. The most fertile place to look for the growth of the future is actually in small entrepreneurial initiatives and ideas which take advantage of the established firm's research and development capabilities, but which will not be burdened by the bureaucracy of the established corporation.

What's needed, therefore, are new commercial entities called Strategic Entrepreneurial Units (SEU). An SEU template is:



SEUs capture the best of both worlds – the new venture will be able to make its own decisions and establish its own strategic direction but at the same time take advantage of the established corporation's access to capital, established relationships and other infrastructure assets. As a result, the SEU should create value for those involved in the new venture and the parent organization.

The Key Challenges Facing Corporate America At Present	The Solution	The Keys To Making This Solution Work
<ol style="list-style-type: none"> 1 The need for corporate renewal 2 Rampant compensation demands 3 Internal resistance to change 4 Sluggish corporate growth 	<p>Strategic Enterprise Unit (SEU)</p>	<ol style="list-style-type: none"> 1 Implementing SEUs effectively 2 Financing the SEU venture 3 Cashing out appropriately 4 Jumpstarting the process of change

1. The Key Challenges Facing Corporate America At Present Pages 2 - 3

Big companies don't seem to endure all that well. Despite all the advantages available to them (economies of scale, marketing savvy, strong channels of distribution), large corporations typically don't get bigger and stronger over time. Instead, they often become increasingly irrelevant and out of touch with the marketplace until eventually they are forced to close their doors. What's needed is a workable way to implant entrepreneurial thinking inside the corporate walls in such a way that wealth can be created on an ongoing basis. Specifically, corporations face four key challenges:

1. Finding effective ways to renew the corporate spirit and stay vibrant and successful.
2. Developing better ways to link employee compensation with the creation of long-term value.
3. Overcoming internal resistance to change.
4. Generating genuine growth in revenues and profits.

2. The Solution Pages 4 - 5

Large companies need a way to capture and then benefit from the ideas that may already be incubating within their own organizations. The best way to do this is by establishing a new standalone strategic enterprise unit (SEU). The SEU template offers the best of both worlds – the SEU can take advantage of the infrastructure of the established corporation without detracting from the entrepreneurial mindset and spirit that typically is found in a start-up. Overall, the SEU is purpose designed to generate new corporate growth.

3. The Keys To Making This Solution Work Pages 6 - 8

The SEU business model has the potential to generate growth but it isn't for everyone. More specifically, for the potential benefits of the SEU template to be fully realized, all of the requisite elements must be put in place first:

1. The SEU must be fully thought out and implemented
2. Adequate financing must be put in place.
3. The timing of any harvest must be considered.
4. The green light must be given to start making changes.

As for most things in business, the key to making an SEU work lies in the details. Get those details right and SEUs can be a great engine for corporate growth. Fudge the details, or get them wrong, and nothing much will happen.

