

# Contrasting Business Models

*The strategic management model versus the entrepreneurial model.*

| Element                         | Strategic Management Model   | Entrepreneurial Model   |
|---------------------------------|--|---|
| Strategic intent of top leaders | Cost and profitability   | Innovation and growth   |
| Main focus of top leadership    | Internal   | External  |
| People                          | Valued for operational competencies.   | Valued for entrepreneurship as a core competence.   |
| Culture                         | Emphasizes efficiency, low risk, control, and quality.   | Emphasizes uniqueness, risk taking, adaptability, speed and fast learning.  |
| Leaders                         | Managers. Set direction and priorities. Instruct what should be done and in many cases how it should be done. Follow up, check and control.            | Coaches and facilitators. Together with the teams, set direction and priorities but leave the HOW to the team members. Facilitate and coach the team in reaching goals.                       |
| Organization                    | Bureaucratic, highly structured, hierarchical. Use of larger work units. Vertically distributed decision power. Mostly focused on internal innovation. | Organic, semi-structured, flat. Use of small teams. Selective decentralization. Temporarily, decision power can be centralized to the top. Focused on both internal and external innovations. |
| Coordination Mechanisms         | Through standardization of work processes, job descriptions and skills.  | Through compelling vision, shared values, simple rules, and key priorities.   |
| Automated Information Processes | Lower degree. Cost of communication is lower.  | Higher degree. Cost of communication is high.   |

Adapted from The Silicon Valley Model: Management For Entrepreneurship; Annika Steiber, Sverker Alange; Springer 2016



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