



Entrepreneurial Management – The Modern Way of Doing Business

PART 1

Thinking Like an Entrepreneur



Copyright © 2014 ScS Lüttgen
All Rights reserved.



Entrepreneurship and entrepreneurial management are certainly popular topics in the business world nowadays. Yet, surprisingly few people really understand what those terms mean and what constitutes them. For many the first thing that comes to mind when they hear the word entrepreneur is the image of someone running a small scale business from home just because he could not find a place in the job market. This perception might have been true 20 years ago but entrepreneurship has evolved and changed significantly since then and has turned into something more than just being self-employed. Entrepreneurship in the modern business world is not an employment option; it is a way of thinking. That makes it applicable in any organizational context, regardless of the scale, industry, or location. And indeed many successful companies are making use of entrepreneurial management in order to survive and thrive in the new and ever-changing business world. The core characteristics that define entrepreneurs – innovative thinking, being proactive, putting the customer in the center and taking risks - could be found in many of today's market leaders.

So what does it take to become an entrepreneur? A common misconception is that only select "special" few could be entrepreneurs, as you must be born with the required qualities. That statement however,

has been debunked beyond doubt. Entrepreneurs are *made*, not born. That is the reason why all the top universities and business schools around the globe from Harvard to Oxford are offering courses on entrepreneurship to its students. There the future business leaders are being taught that the traditional way of doing business is becoming more and more irrelevant and soon will be a thing of the past. The modern market is driven by innovation and pro-activeness. The rise of the Internet and new technologies has changed the commercial landscape beyond recognition and a new way of thinking is required in order to run a successful business in this conditions. Entrepreneurs achieve that by taking advantages of opportunities despite the existence of risks. They stay ahead of the competition by having a vision of the future and adjusting every aspect of the organization in order to match that vision. Even if that means reinventing the whole business model the company operates under. Entrepreneurs embrace new technological breakthroughs and novel business methods and use them to their advantage. And most importantly, entrepreneurs understand the needs of the new customer and design the organization around them.

The traditional organization no longer serves the need of the market.

The above outlined qualities of entrepreneurship are the main building blocks of what has evolved to be known as entrepreneurial management. This term represents the new wave of business leaders that are changing and reinventing the market by having a future-oriented thinking centered around the customer and his needs. The traditional organizations focus on efficiency, detailed planning, and shareholder profits. While the entrepreneurial management organization recognizes the importance of those factors and does not completely neglect them, it shifts its focus in a different direction in order to create value. While detailed planning and complex “efficient” operations might bring some benefits, they create rigidity and lead to inertia. This could be deadly to an organization in the modern dynamic business climate where flexibility is key. The entrepreneurial managers put more emphasis on short-term decisions and avoid deep commitments that might limit their independence and adaptability. This allows for quick adjustments of the organizational components in order to meet the changing demand. The EM organization achieves that by being decentralized, with flat hierarchies and autonomous employees that have decision-making power. This significantly limits the firm's red tape and allows for swift decision-making – a valuable asset in a turbulent environment.

Flexibility is key but...

Being able to quickly adjust to the environment thanks to flexibility is however, not one of the most important qualities of the EM organization. In fact, it is more of a “just in case” contingency rescue tool. The nature and key advantage of entrepreneurship lies in being proactive and innovative – personally and purposefully shifting the market conditions instead of waiting for the environment to change and then adapt to it. That is what separates them from the competition and provides them with an edge over it.

By examining the characteristics that constitute entrepreneurship it becomes clear that it is not just a trendy word for management but rather a completely new way of thinking and doing business. Entrepreneurial managers stay ahead of the curve by being innovative and proactive. They tailor the market to their needs by making effective use of technology and novel organizational methods. However, one thing remains constant during this dynamic process – the customer always comes first. The entrepreneurial management organization is not just an alternative to the traditional way of doing business; it is its future.

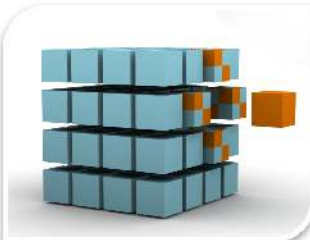
Entrepreneurial Management – The Modern Way of Doing Business

Further in the series...



Part 2 – Innovation and its place in the modern organization

In this part the importance of innovation and proactiveness is discussed. Both are an inseparable part of the modern organization. However, successfully achieving and sustaining them could be tricky.



Part 3 – Firm design – a customer-centered approach

Many organizations recognize the importance of fulfilling the needs and requirements of their customers. Few, however, know the correct way of doing so. This part discusses the customer-centered approach from an EM point of view.



Part 4 – Social media and its important role in the EM organization

The final installment in the series discusses the role social media plays in the EM organization. Many companies fail to realize the impact social media could have on their day-to-day operations as well as on their strategy.