HOW ENTREPRENEURS SHOULD CHANGE THEIR STYLE IN A BUSINESS LIFE CYCLE

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Abstract:
Researcher discusses the urgent need for top managers to change their style in small entrepreneurial firms during a business life cycle.

Although most leadership theories assume it’s easy, case studies and practical experience suggest the opposite - managers find it hard to move from an innovative style when the company is young to task-oriented behavior in the firm’s mature stage. If steps aren’t taken early enough, severe crisis will be followed by an external CEO being called in. Talebi discovers that the reason why change in style is so difficult to achieve is that everyone has overlooked the link between management style and the corporate system, structure and values. The corporate context itself must change if managers are to be able to change their own styles effectively and smoothly. Suggestions are made for doing this is avoiding crisis. This paper is based on Research study on management of life cycle up business in Auto part manufacturing Medium sized Enterprise in year of 2002 in Iran

Key words: manager, life cycle, entrepreneurial, growth, Entrepreneurship

Introduction
During the past century, the world has been transformed by profound innovations and technological developments. A century ago, there were no safe and effective antibiotics, no jet travel, no commercial television, no computers, and no mobile telephones – to cite a few examples. Since, then, mastery of the physical and biological world has strengthened enormously – primarily driven by the entrepreneurial innovators who were willing to risk and invest their energies for worthy causes (Mandel, 2004). According to Schumpeter (1987), such developments are a disturbance of “the circular flow of economic life.” Thus, a central role of entrepreneurial activity is “creative destruction,” a process accomplished by the entrepreneur through carrying out new combinations of productive endeavors.
Entrepreneurship is, therefore, fundamentally a way of thinking that bridges innovative discoveries with need fulfillment. For example, the excitement of entrepreneurship is permeating all dimensions of socioeconomic behavior (Zimmerman, 2004). Today, even medical doctors, attorneys and other professionals are learning to think entrepreneurially – thereby building better
practices and organizations in the process that are contributing to the creative and innovative development of societies in all corners of the earth (Henricks, 2004). This time offers, as have few other times in recorded human history, advantages for creative entrepreneurs who can properly identify these evolving opportunities and translate them into meaningful organizational achievements.

Concept of entrepreneurial management leadership

In essence, the management leadership exerted through successful contemporary entrepreneurship can generally be thought of as leading, through direct involvement, a process that creates value for organizational stakeholders by bringing together a unique innovation and package of resources to respond to a recognized opportunity. In fulfilling this process, entrepreneurs function within a paradigm of three dimensions: innovativeness, risk-taking, and proactivity (Morris et al., 2004).

Innovativeness focuses on the search for creative and meaningful solutions to individual and operational problems and needs. In Schumpeter’s (1934) theory, successful innovation requires an act of will, not of intellect. It depends, therefore, on leadership, not intelligence, and it should not be confused with invention (Hebert and Link, 1988). Risk-taking involves the willingness to commit resources to opportunities that may have a reasonable possibility of failure. Proactivity is concerned with implementation, and helping to make events happen through appropriate means.

The concept of entrepreneurship should, however, not be confused with corporate entrepreneurship (Covin and Slevin, 1991). The former concerns the founder driven firms, whereas the latter usually deals with larger firms that behave in an entrepreneurial manner. Entrepreneurial management leadership is important in founder driven organizations, but can also be used to foster the entrepreneurial posture within larger firms. This perspective takes into account the entrepreneur, the individuals with whom the entrepreneur is directly involved, and the broader “community” of stakeholders in which the entrepreneur is embedded (Stevenson, 2004).

An individual typically identifies an opportunity to be pursued and then, as an entrepreneur, must surround himself/herself with individuals to help make it happen, providing the leadership necessary to develop those individuals while at the same time nurturing excellence in the organization.

The practice of successful contemporary entrepreneurial management leadership is thereby fulfilled within an array of exciting activities and new creative developments – full of innovations and evolving concepts, constantly changing, and in many cases, issues and activities that are difficult to classify. The interactive nature of these interpersonal activities means that any organizational framework created for them must nurture and allow for constant change and, quite often, the consequent conflict management needs that evolve (Welsh and Maltarich, 2004; Darling and Gabrielsson, 2004).

Entrepreneurial management leadership is all about breaking new ground, going beyond the known, and helping to create the future. It is also about helping people to settle into new opportunities that give them joy and hope for the future (McLagan and Nel, 1995). What makes a truly successful entrepreneur is not intelligence, education, lifestyle or background. The principal factor that seems to
determine success is the entrepreneur’s ability to effectively deal with opportunities through the
dynamics of an organizational setting, thereby enabling the people concerned to be actively and
enthusiastically involved and successful.
Entrepreneurs who strive to establish a setting that is supportive of associates
and their development also help to instill within those individuals a loyalty that
will serve to enhance the continued achievement of organizational excellence and
the operational success of the organization.

In doing so, such entrepreneurs thereby reflect the attributes of both transformational as
well as charismatic leadership (George and Jones, 2005).
Transformational leadership typically occurring when an entrepreneur transforms or changes
associates in important ways that together result in the associates increasing their level of trust in
the entrepreneur, performing behaviors that contribute to the achievement of the organization’s
goals, and being motivated to perform at relatively higher levels. As charismatic leaders, such
entrepreneurs also have a vision of how things could be, clearly communicate this vision to
associates and, through the entrepreneur’s excitement and enthusiasm, motivate their associates to
support this vision.

A primary factor that prevents the creation of a culture of excellence within many
contemporary organizations is that they are often over-managed and under-led.
Entrepreneurs, as managers within these organizations, may excel in the ability to
handle the daily routine, yet never question whether the routine should be done at all.
In this regard, there is a profound difference between management and leadership,
but one should readily recognize that both are important, and both typically exist
in successful contemporary entrepreneurs. To manage means to bring about, to
accomplish, to have responsibility for, and to conduct. To lead means to influence,
to guide in direction, course, action, or opinion (Bennis and Nanus, 1985).

Thus, the degree to which entrepreneurial managers are also entrepreneurial
leaders relates to how they understand and carry out their roles. Those who are
successful view themselves as leaders, not just managers. Therefore, they do not limit
their attention to the how to, the proverbial nuts and bolts, but include the parameters
of action, the doing the right things, and in so doing incur the risk of failure.
Entrepreneurial leaders typically have a goal of creating an innovative environment
that will of necessity produce some mistakes, and managers have a goal of honing their craft to
reduce and eliminate the risk of mistakes and waste – a case of safe-fail versus fail-safe (Lucas,
1998). In other words, it is important to recognize the numerous risks and hardships associated
with entrepreneurship, but they should not
prevent leadership through which appropriate direction is given in the organization.

Successful management leadership as an entrepreneur lies in developing, to
the greatest extent possible, a culture of purpose within the situational context of
the organization. This helps enormously in the process of providing meaning and
a sense of worth – thus, an increased level of commitment – for people in an
organization (Frankl, 1959). One does not have to be brilliant to be a successful
managerial leader; but you do have to understand other people – how they feel
and the most effective ways to influence them. For example, in many studies of
management leadership, it has been shown that the average entrepreneur spends
most of the working day dealing with people. The largest single cost in most
entrepreneurial organizations is people. The biggest, most valuable asset any such organization has is its people. All entrepreneurial plans for the enhancement of excellence are carried out, or fail to be carried out, by people (Nurmi and Darling, 1997). Sam Walton, entrepreneurial Founder of Wal-Mart, now the world’s leading retail enterprise, recognized the importance of this which prompted him to spend a great deal of his time traveling and meeting with associates in various locations of Wal-Mart stores (Hisrich et al., 2005).

Primary reflections of excellence

A primary objective of focused management leadership by the successful entrepreneur is the achievement of organizational excellence. Research by the authors indicates that the primary bases upon which an organization is considered to be excellent focuses on four primary elements. Whether the organization is large or small, broadly based in several market segments or only a few, these primary reflections of excellence are of major importance to success (Figure 1). The organization must first focus on the set of customers who are or will be served by the innovation. The organization must also have a consistent innovative culture that nurtures and facilitates creative thinking and development. According to Schumpeter (1934):

> ... everyone is an entrepreneur only when he actually “carries out new combinations,” and loses that character as soon as the business is built up, when the responsibility then settles down to running it as other people run their business.

These are basic to success in the implementation of successful innovations, to achieving long-term superior performance, and to sustaining a strategic competitive position and advantage in the marketplace.

Figure 1.
Model of keys to Organizational excellence

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However, these two elements – care of customers and constant innovation – do not constitute all that is needed. Sound accounting and financial controls are essential. Entrepreneurial organizations that do not have them fail. Good planning is certainly not a luxury but a necessity. Moreover, entrepreneurial-based firms can be temporarily or permanently set back by external forces, such as currency values or the loss of access to needed resources. Nevertheless, financial controls are vital, but the firm does not succeed with financial controls, it succeeds because of the innovative value it creates in the marketplace. An entrepreneurial firm seldom sustains superior performance through mere access to resources; it sustains this through quality innovations in resource acquisition and use, and subsequent market development. The firm may be affected by changes in financial indicators, but it sustains performance by adding enough value to an innovative product or service that is then profitably saleable despite monetary variability (Drucker, 1985).

Most entrepreneurial firms that are successful in creating a culture of excellence do so not by their cleverness, but by the fact that each and every aspect of the organization is better than is normally expected. So the keys to organizational excellence within an entrepreneurship focus on three variables: care of customers, constant innovation, and committed people. Yet in this model of excellence, something is still missing – that one element which connects all the others. As Figure 1 shows, that one element is effective transformational and charismatic management leadership; and it is through leadership strategies that the entrepreneur helps to facilitate the reflection of excellence (Cornesky and Darling et al., 1990; Peters and Austin, 1985).

Primary leadership strategies

Today’s entrepreneurial leader requires a new kind of person who does not depend on the organizational hierarchal-based superiority and subordination. These contemporary leaders help to create enhanced capacity in their associates, who in turn become the stewards of all the organization’s stakeholders (McLagan and Nel, 1995). In achieving organizational excellence, an entrepreneurial leader is thereby a person who inspires, by appropriate means, sufficient competence to influence a group of individuals to become willing participants in the fulfillment of innovative goals. But what are these means? By what means can mixed or perhaps even negative feelings be turned into concern and loyalty? What enables an entrepreneur to lead effectively? The authors’ research has focused on the foundation of successful entrepreneurial management leadership in the achievement of organizational excellence. Data were collected primarily from well-known entrepreneurs identified during the past ten years in various publications, such as Business Week, The Economist, Entrepreneur, Financial Times, Fortune, Herald Tribune, New York Times, and The Wall Street Journal.

These are contemporary transformational entrepreneurs who have been involved in directing the new trends in operational success through the enhancement of organizational excellence. These are people creating new ideas, new products and services, new policies and new procedures. They have the reputation for bringing change through the basic foundations of excellence in their organizations. These leaders are viewed as creative change agents, not simply masters of basic routines.
As transformational and charismatic leaders, these entrepreneurs broaden and elevate the interests of their associates, generate awareness and acceptance of their organization’s purposes and mission, and motivate their associates to look beyond their own self-interests to the good of others (Schermherhorn et al., 2005). Although all of these men and women are successful in their own way, and within their own situational setting, they share, to a large degree, four characteristic leadership strategies. These four entrepreneurial leadership strategies are attention through vision, meaning through communication, trust through positioning, and confidence through respect (Nurmi and Darling, 1997) (Figure 2).

Attention through vision
The leadership strategy of attention through vision creates a focus for the organization. A manager is expected to carry out assigned functions and responsibilities in an organization. But successful leaders in entrepreneurial management do more than that. They are acutely aware that there are customers in the marketplace for new innovative products and services, the use of which can help solve their problems. In addition, entrepreneurial leaders are sensitive to the fact that everything related to their responsibilities and the functions of their organization might be done faster, better, more reliably, with fewer errors, and at a lower cost. They are continually looking for problems that need solving rather than merely solving the problems that come their way. They are creative transformational change agents because they want to find better ways of doing things and really work at it. For example, beginning in the early 1970s, Frederick Smith, Founder and creative entrepreneurial Leader of the original Federal Express (now known as FedEx) sparked a revolution in just-in-time delivery that also eventually affected other firms such as UPS and DHL. By the late 1970s, the US had come to rely on FedEx’ ability to deliver goods overnight – including such things as spare parts and urgent business documents (Foust, 2004).

Figure 2.
Model of keys to organizational excellence and leadership strategies
Meaning through communication
Among different entrepreneurial organizations, there are many interesting and exciting visions and noble intentions. Many entrepreneurs have important and very meaningful objectives – visions of what their organizations can do and become – but without effective communication very little will be realized. Success in charismatic entrepreneurial leadership requires the capacity to relate a compelling image of a desired innovative achievement – the kind of image that induces enthusiasm, expectation and commitment in others. The management of meaning, focusing on the mastery of communication, is inseparable from effective leadership and entrepreneurial success (Nurmi and Darling, 1997).

There are a number of issues relating to effective communication (Bennis and Nanus, 1985). First, a successful entrepreneurial organization depends on the existence of shared meanings and interpretations of reality, which facilitate coordinated action. Individuals become what they think about, and, therefore, meaningful communication becomes of major importance in focusing on primary themes of achievement in the organization. Leaders articulate and define what may have previously remained implicit or unsaid; then they create perspectives which provide a visionary focus. By so doing, they consolidate or challenge prevailing wisdom. In short, an essential factor is the capacity to influence and organize meaning for associates.

Second, the methods by which entrepreneurial leaders convey and shape meaning vary enormously. Despite the variations in style, and whether verbal or nonverbal, every successful entrepreneur is aware that an organization is based on a set of shared meanings which defines roles and authority, procedures and objectives. Third, what is meant by the creation of meaning goes beyond what is usually meant by communication, focusing on more than facts or even knowledge. Facts and knowledge have to do with what to do and how to do things.

Trust through positioning
Discipline is said to be the price of freedom, and thereby the price that entrepreneurial leaders must pay to be successful – the discipline to acquire the knowledge, to develop the skills and understanding, and to nurture a consistency of being that builds trust among people in the organization, and a true reflection of charismatic leadership. Trust is, therefore, a facilitator that helps to make it possible for an organization to function effectively. Trust implies accountability, predictability and reliability. It is what helps to make innovative products and services successful. Trust provides the foundation that maintains organizational integrity. We know when it is present and when it is not; we know that it is certainly essential and that it is based on predictability. The truth is that people who are predictable, whose positions are known and have continuity, are usually trusted. Entrepreneurial leaders who are trusted make themselves known and make their positions clear in all arenas of the organization. Trust through positioning is achieved by a consistency in value-reflection.

Phases of the Change and Growth Process
This section covers different phases in the growth and development process in an attempt to derive the best styles, especially for the CEO and top management level. The transformation problems between phases are treated later on.

The Introductory Stage

This begins with product innovation and development; it starts a business life cycle, and runs until the product is being manufactured in larger quantities. It is a ‘search stage’ in which new, interesting business is being sought. Styles should be planned as a sequence of experiments to test the stability of markets and to discover better ways of behaving in the future. People, and especially organizations, have insight only after they act, not before. In a new organization an entrepreneurial insight, perhaps only vaguely defined at first, must be developed into a concrete definition of an organizational field, a specific product or service and a market segment. Important roles at this stage include the entrepreneur, the technical innovator and the market and technological controller.

The organization is informal. Highly structured thought, as well as tradition, can interfere with insight and innovation. Once some experience has been gained, the Diagnosis or planning phase can begin. The organization is usually managed by an entrepreneur whose vision and energy drive it. Adzes (1988) characterize it as ad hoc and infant with hardly any policies, systems, procedures or even budgets. The administration systems might be ‘on the back of an old envelope’ in the founder’s jacket pocket. The boundaries between the functional areas are not substantial. Communication is face-to-face, there are few rules and regulations; decisions are made quickly and informally, and control is achieved by the direct personal action of the entrepreneur (Moore and Thusman, 1982).

The Growth Stage

When the new product begins to mature, innovation activity shifts from the product to the process. The product is standardized. The job moves from small to More rationalized manufacturing groups. The engineering problem involves the creation of a system which puts the developed products into operation. The creation of such a system requires management to select the appropriate technology for producing and distributing the products or services concerned.
The growing organization must begin to systematize and routines its processes; continuing chaos will kill the entrepreneurial firm (Moore and Thus man, 1982).

The following administrative procedures characterize operational efficiency (Greiner, 1992):

• a functional organization structure is introduced to separate manufacturing from marketing activities, and job assignments become more specialized;
• accounting systems for inventory and purchasing are introduced;
• incentives, budgets and work standards are adopted;
• communication becomes formal and impersonal as a hierarchy of titles and positions builds;
• New managers and key supervisors take most of the responsibility for directing, while lower-level supervisors are treated more as functional specialists than as autonomous decision-making managers.

When the entrepreneurial organization approaches its growth phase, senior management must staff it with individuals who can contribute to and manage a more professional set-up (cf. Bargeman’s organizational champion). A climate must be established in which there is a balance between entrepreneurial and more professional orientation, and in which diversity and conflict are tolerated. This inevitably means a change in management styles.

The entrepreneur is still an essential part of the development process. The developing style gradually loses its effectiveness, however, and the task-oriented manager begins to take over. This phase builds on style that is intrinsically in conflict. Administrators seek stability, while entrepreneur is change-oriented (Adzes, 1988). Groups emerge which strive to weaken the entrepreneurial spirit. Roles such as sponsor and project manager are important. The implementation of ideas and change also requires a great deal of people- and change-oriented style. The situation develops where the CEO or the top management team need to master all the styles, with no clearly dominant one.

The Mature Stage

In the mature stage, sales growth no longer predominates. Abernathy and Utter back (1978) call it the specific phase, with standardized products and efficient, capital intensive, rigid
and automatic production processes. The production process moves from islands of automation through assembly lines to continuous flow operations (Woodward, 1965). There is a minor need for innovation only for some modifications. Competition is more about market share and attacking the shares of the others. As a result of slower growth, more knowledgeable Buyers and, usually, greater technological maturity, competition tends to become more cost- and service oriented. This changes the ingredients of success in the Industry and may require the dramatic reorientation of corporate functioning. There are three main options: cost reduction and sophisticated cost analysis, differentiation, or a combination of both. The ‘fittest’ survive. The organization is result-oriented (Adzes, 1988). Rules are introduced to handle repetitive procedures and decisions are made at senior levels of the hierarchy.

Control is achieved through bureaucratic mechanisms. The unit’s climate emphasizes greater formality, stability and business-as-usual orientation. Subunits restrict their information processes and rely on prior knowledge.

The mature stage features greater emphasis on senior management decision making. Control is more and more indirect, through systems, organization structure and selected employees. The environment is quite stable. This is the homeland of the task-oriented manager. Both developing and change-oriented styles are weak. Figure 1 summarizes some features of the different stages in the business life cycle and the expected mix and strength of management styles during the different development phases (cf. Abernathy and Utterback, 1978; and Moore and Thus man, 1982). The changing role of the CEO is illustrated by Clifford in Figure 2.

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<td>Learning,</td>
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<td>ROI efficiency, market</td>
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<tr>
<td>Management role Type of innovation</td>
<td>Entrepreneur Major product innovation</td>
<td>Administrator / integrator Incremental product / major process innovation</td>
<td>Steward Incremental product/process innovation</td>
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<tr>
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Figure 1 Pattern of different phases in the business life cycle I
Growth Phases and Changes in Management Styles

As shown above, the character of business changes dramatically during its development, and top management orientation has to change too. Development- and change-oriented styles dominate in the first stage and the task-oriented style in the mature phase. A short description of the first development period in a small entrepreneurial firm follows by way of an introduction to discussing change in management style.

Growth stage it was not long:

Before there were too many projects. The company then had to concentrate their efforts. The developing costs of new business were large. In this phase, for the first time, there was some
sign of planning. The products and business area were defined. Some experience had been gained of the most suitable type of projects for the future. Prerequisites included technically more demanding products, the maximum use of in-house competence, synergy with existing products and a small niche in the world market. A broadening of their own knowledge was the turning point. Once the business idea which gave rise to the first products was almost fully developed, a new and more controlled search phase began. New products for new markets could be produced using the same technology and material (fiber – reinforced steel). According to the R&D manager, most fiber-reinforced steel applications have been tested by the company in their market research, which paved the way for the development of successful new products. This in turn provided new market knowledge and different product alternatives. Decisions were made ad hoc. The strategy emerged from the handling of individual projects. The company developed as a result of a number of successful and unsuccessful ventures, with little or no entrepreneurial or strategic control, once it became clear where the competence of the company lay, surplus businesses requiring large investments in automatic production were sold. New investments were made staked on new projects in areas with the greatest success potential and which exploited the company’s competitive strength.

These developments are described in Figure 3.

Mature phase:

After more than twenty-five years as managing director, the entrepreneur decided to sell the company. Profitability problems were increasing and it was obvious that things could not continue on the same informal basis. The diversification-concentration mechanism was not enough to solve the more fundamental problems in the growth process of the firm, the structural and administrative problems. A more professional management approach was needed, something that the entrepreneur probably did not want. He had consistently used a strong development- and change-oriented style. About the earlier, very informal way of functioning, the R&D manager told me: "We avoided building up administrative routines. One of the most important values in the company has been that improvements in technology, products and materials give profitability. There is no need for financial control systems. You have to be able to sell on the world markets. Technology, cheaper raw materials and longer production series counteracts inflation. Neither our
lifestyle nor our company philosophy is dominated by the size of financial revenue". This is the preoccupation of professional businessman.

We’re more concerned about the technical idea and its development. Can we succeed? And it is a fact that, if we manage to come up with an improved Method or idea, we know it will be Profitable. We concentrate on technological improvements and on the product, and this controls development. The early pattern was no longer suitable in the company’s development stage. With a turnover of more than 190 million dollars, more structured management was Needed. Why did the entrepreneur not change his style earlier? Increasing problems of control and decreasing profitability should have been strong enough signals to provoke change. It is quite clear that style change has to do with basic beliefs and values, which are very difficult to shift. This is described as a leadership crisis by Greiner. The entrepreneur had a clear role in the introductory phase of generating and developing new products, and in the Growth phase of developing new production processes. However, he lacked either the will or the capability of changing the company to meet the demands of the mature phase. Fundamental change and a new CEO were soon needed to save the company from bankruptcy.
Managing Change in Styles

Controlling change is complex. Leaders have to administer the space between the parts (Leavitt, 1986). Developing innovation and new businesses demands different management styles at different times. Organizational characteristics and individual style which are vital in one phase are wrong in another phase (Moore and Thusman, 1992). The manager must change his style in order to be effective. How can he do this?

Successful change:

In its introductory phase, the organization is small, informal and loosely-structured. The new firm is often dominated by an entrepreneur whose energy, enthusiasm and intuition drive it. If it is successful and sales begin to grow rapidly, there are several critical consequences.

Totally different skills are required (Adzes, 1988). The company cannot continue with systems, budgets, policies, organization structure and centralized decision making. Less immediate reaction to chance opportunities and more considered appraisal is called for. There are plenty of potential crisis points where many firms fail and become bankrupt or are bought out. The entrepreneur seems to have great difficulty recognizing the need to shift style and change the organizational processes. During this change, perceptions come first (Doze and Prahalad (1987) suggest that a precondition for redirection seems to be a shift in the cognitive maps in use within the organization). Without a cognitive shift to provide a new context, change is unlikely to succeed. This means that, before successful measures can be taken, a vision about how the organization ought to function in the next phase must emerge and spread by good leadership.
Experimentation, often on a small scale, is needed to find out the best way of functioning. The pattern for the growth phase depicted in Figure 3 should be intuitive ideas about the future state of the system. Tight cost control, cross-functional coordination, marketing and so on, is very different skill from those Required to build the organization in its early days. The organization must change its basic beliefs and cultural identity in order to survive.

The second condition for change in management style is that the vision is established at the top of the organization, and top management is committed to its implementation. Thirdly, the organization should have the necessary competence to enter the next phase. Appropriately skilled managers should be promoted or new managers brought in. There should also be a concentrated in-service training. The entrepreneur himself is seldom the person to generate new visions or to demand changes. Norman (1977) gives the task of analyzing the broader trends in society and the internal political situation in the company to some sort of statesman, who is often the chairman of the board. The range of individuals capable of carrying out critical leadership functions is often too narrow. Consequently, the entrepreneur has to transfer management of the company to a new CEO, which is very difficult. The swift, intuitive, decision-making style of the entrepreneurial company - one of the keys to its early success - can severely handicap it at a later stage if it is not balanced with realism (Clifford, 1978). There are three leverage points for the extension of leadership:

"building the senior team; broadening senior management; and developing leadership throughout the organization (Nadler and Thus man, 1989)". Some sort of transition team might be needed. However, it seems to be an advantage if the entrepreneur stays in the company, because entrepreneurial energy is still needed in the growth phase although it must be complemented with administrative energy's. These stakes increase task-oriented characteristics at the top level, but still maintain some change- and development-orientation, the fundamental features of top management style in the growth phase (see Figure 4).

In summary, it can be said that, in the successful pattern of transformation, a vision of how to function in the next phase is built up quite early and the necessary new top managers either recruited externally or promoted internally.

The vision for the next phase must be set from the top. New values and beliefs are required.
Figure 4 Successful and unsuccessful patterns for changes In CEO Ana
Top management behavior during the business life cycle
C-style = change-oriented style; D-style = development-oriented style;
T-style = task-oriented style.

And the innovative entrepreneur can seldom change hasher style to suit. It is critical for future success that the founder hands over the company to an administrator at the right moment to achieve smooth transit oil. These transformation processes continue during the mature stage. The process described above can be called framembing (Nadler, 1988). Necessary changes are anticipated, and actions to meet the new challenges are taken in advance; A key factor. The new frame emerges incrementally, a characteristic of successful change.

Unsuccessful transformation:

Transition to maturity signals a new ‘way of life’ in a company. The excitement generated by rapid growth and pioneering is replaced by the need to control costs, compete in price and
aggressively (Porter, 1980). Few inventor-entrepreneurs can tolerate the formality that is linked with large volumes. Therefore, their businesses never develop into the mature state. They Move from the introductory phase to the growth stage with no change in behavior, at least administratively, and more and more problems arise. Clifford says that almost every fast-moving company passes through a critical trouble-zone in the transition from entrepreneurial enterprise to large corporation. Economic stress in one form or another triggers crisis; all too often, a company Emerges with its growth momentum fatally sapped. It hells expanded so much and operational restructuring is long overdue. However, the earlier framework has been reinforced over many years and is therefore difficult to change. Necessary shifts are made too late or not at all. The company has reached a ‘threshold situation’, and the only remaining option is rapid and radical Turnaround, so-called frame-breaking changes. Tow momentum, and frequently success, of convergent period's breed's reluctance to change. It is not until Financial crisis shouts its warning that most companies begin their transformation (Leavitt, 1986). A misfit between the way of functioning and the characteristics of the environment has arisen. The organization’s strategy and structure are no longer compatible with the situation in the environment or with the size of the firm. Typically, the situation leads to poor results and the Perception of an organizational crisis. Existing organizational beliefs are challenged. There is growing internal tension and disunity, indicating a need for radical changes. Frame-breaking change is abrupt, painful to participants and often resisted by the old guard. The profitability signals in the small entrepreneurial firm described above were not strong enough to change the Entrepreneur’s beliefs early in the development phase. After the old systems have been unlearned, the organization often passes through a period of confusion and a new strategic vision is created. Positive results lead to greater commitment to the new vision. Further, positive feedback gradually increases members’ commitment to new belief systems which seem to work.

The new executive Team brings different skills and a fresh perspective. Moreover, its members are unfettered by prior commitments linked to the status quo; on the contrary, they Symbolize the need for change. The execution of a new challenge adds to the energy devoted to it. The two change processes and the different styles used are Summarized in Figure 4.
In the unsuccessful pattern the entrepreneurial firm continues with its old beliefs, styles, organization and climate from the introductory stage to the growth stage. Burns (1978) and Thusman, Newman and Nadler (1988) state three key activities for the change agent in a turnaround process:
(a) Presenting a clear and credible vision of the organization and its future;
(b) Energizing, demonstrating personal excitement and modeling expected behavior; and
(c) Enabling, providing resources, building an effective senior team.

The successful entrepreneurial firm, however, begins to: change at the end of the introductory phase and to form new visions about how to function, plan the new structure and systems and build up competence. But this is not destructive. There is time for experimentation. The transition can be made smoothly and in an orderly ‘fashion. The movement from the growth phase to the mature phase involves further development of the administrative and production systems with emphasis on internal efficiency. No frame – breaking change is needed.

Managers can easily change their styles. The small entrepreneurial firm studied earlier shed some light on why researchers have had problems obtaining conclusive results.

Summery

In the introduction it was pointed out that most management theories are based on the assumption that Changes need not be violent and emphasis can be put on learning. In successful introductory – to - growth transition, the growth pattern depicted in Figure 3 should be a visionary future state and grounds for shifts in managers’ cognitive maps. Thus, the competence of the company should be strengthened. The administrative systems, especially financial control systems, should be developed and functions integrated. At this stage, the successful manager should also begin to develop an executive team to handle matters he can no longer cope with himself.
He must give breathing and growing space to the executives below him. Very often, a change of CEO is needed. In that context, it is possible to change the strong development- and change-orientation of the introductory phase to a more balanced style profile with stronger task-orientation, as required in the growth phase similarly, in the transition from the growth stage to the mature stage, the mature pattern should be the future vision. Once top management has decided to carry out the necessary changes, a competence-building stage follows and the actions already
taken during the growth phase are consolidated. The new emergent context produces the right conditions for a strong task orientation. The alternative is first chaos, then deep financial crisis and many personal tragedies. In order to keep firms alert, tension in the organization is used as a change mechanism. In successful companies, there seems to exist fruitful tension between order and disorder, and between deliberate and emergent development. Neither structured formality nor unstructured chaos work well. One of the key challenges is to balance the two. March (1981) stresses that adapting to a changing environment involves interplay between rationality and foolishness.

The transition process described is tentative and is based on previous research and current actual observation. Next theories are based on the assumption that more knowledge about successful change and how it starts is required as is more rigorous testing about the processes described in Figure 4. The optimal balance between stability and foolishness is a matter for urgent investigation.

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