



Corporate Management versus Venture Management

	CORPORATE MANAGEMENT	VENTURE MANAGEMENT
Application	Established Business	New High-Growth Business Creation
Driving force	Competence-driven idea	Customer-driven idea or new technology
Market	Serving established customers	Entering emerging market
Results	Quite predictable	Quite unpredictable
Time-to-Market	Sacrificing speed for thoroughness	Must be the first to market
Success Measure	Profit	Market capitalization
Market Research	Methodical analysis of facts	Experimenting and adapting rapidly
Focus	Delivering an operating plan	Adapting to unmet customer needs
Core Competence	Performing core manager's functions	Moving quickly from idea to market
Independence	Responsibility and control	Anarchic, demands space for action
Risk Management	Caution, avoiding failure at any cost	Experimenting, failing, adapting
Managing Change	Slow formal procedures	Reversing at top speed & resuming speed
Motivation	Promotion	Risk-reward structure
Decision Making	Slower; corporate approval procedures	Faster; entrepreneurial style
Funding Source	Annual plan	Venture capital
Financial Focus	Profit / loss ratio	Cash flow

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Management of the venture-building process is fundamentally different from corporate management that is focused on delivering the annual operating plan. Management of a new high-growth business is build around a customer-driven idea or a technology. It requires entrepreneurial mindset and skills. Being first to the market is the top priority for the venture manager. The core competence of an entrepreneur, the ability to move quickly from idea to market, is a key enabler of success.

Venture Market Focus

What makes a venture succeed is the ability to identify emerging attractive markets and to seize on unmet, unserved customer needs. Hot markets do not last forever. Entrepreneurs must be prepared to adapt quickly to the market changes. The market focus means flexibility: watch the market dynamics, spot what has gone wrong, and move quickly to turn market changes and your errors into opportunities.

Venture Management Focus

The core activities that must be performed by the entrepreneur - because no one else can perform them as well as the company founder - are those that give the company its competitive advantage over other companies in the industry. The core management team should be picked very carefully because its business and interpersonal style becomes the foundation of the company's culture and grows the value system. They should have skills, and depth of experience in the areas most important to the sustainable competitive advantage of the company. Don't settle for a few average employees - "if you want a track team to win the high jump, you find one person who can jump seven feet, not seven people who can jump one foot."

Case in Point: Dell Computer Corporation

"As a start-up, we'd been willing to try lots of things," writes Michael Dell, the Founder & CEO of Dell Computer Corporation. "And obviously, where product and technological innovation were concerned, we would still put a high priority on being experimental and innovative. But as far as focusing the business was concerned, our mandate was clear: We need to get serious... Once we established clear metrics and measurements, it was easy to see which businesses were performing or not, and to change the strategy accordingly. We instituted the practice of strong profit and loss management. By demanding a detailed P&L for each business unit, we learned the incredible value of facts and data in managing a complex business. As we have grown, Dell has become a highly data- and P&L-driven company, values that have since become core to almost everything we do."

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