

# Market-Driven Management as Entrepreneurial Approach\*

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## Abstract

*Entrepreneurship is traditionally considered as an 'outward-looking' phenomenon. Entrepreneurs initiate change by identifying and starting new trading opportunities, related to improved versions of existing commodities or new product or service concepts, which have been until then unknown to other agents.*

*Market-driven management is not posited to be an alternative to entrepreneurial management, a surrogate or even a better substitute to entrepreneurship. They are, rather, two different theoretical constructs that can be fully integrated.*

*Value creation and appropriation within the market is the node of the relationship between entrepreneurship and market-driven management.*

**Keywords:** Globalisation; Market-Driven Management; Entrepreneurial Management; Theories of the Firm; Market-Space Competition; Competitive Customer Value

## 1. Market-Driven Management and Theories of the Firm

This paper discusses the contribution of market-driven management to the entrepreneurial theory of the firm and how the market-driven management construct is positioned within the theory of the firm.

The paper is grounded on previous research that investigated the nature of the relationship between market orientation and entrepreneurship, and in particular the impact of such a relationship on business performance.

The relationship between the two concepts is so stringent that early studies were actually devoted to addressing the question if they were based on the same conceptual domain (Miles and Arnold 1991; Morris and Paul 1987). In fact, it's intuitive that as entrepreneurs seek for market opportunities, they tend to be market oriented. This led to the conclusion that in the interaction between entrepreneurship and market orientation, entrepreneurship acts as an antecedent.

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Entrepreneurship was later seen as a mediator between market orientation and firm performance, in the sense that entrepreneurship transforms market opportunities selected by market-oriented entrepreneurs into business performance (Barrett and Weinstein 1998; Kohli and Jaworski 1990; Jaworski *et al.* 1993).

Later studies, drawing upon the resource-based view of the firm, suggested that entrepreneurship and market orientation are two complementary organizational capabilities that are at the foundation of a firm's positional advantage, which in its turn is related to its performance (Hult and Ketchen 2001; Olavarrieta and Friedmann 2008). Matsuno *et al.* (2004) found that entrepreneurial proclivity affects market orientation and that it positively affects firm performance only when mediated by market orientation.

The complexity of the combination between the two concepts was also solved by arguing that in order to sort a positive effect on business performance, market orientation and entrepreneurship have to be aligned (Atuahene-Gima and Ko 2001). In other words, firms should be at the same time market oriented and entrepreneurial. This idea was then criticized by Bhuian *et al.* (2005), according to which the best combination is high-market/moderate-entrepreneurship orientation (or, we would add, moderate-market/high-entrepreneurship orientation), supporting the notion that firms can be too entrepreneurial because a high degree of entrepreneurship may not be desirable in certain market conditions (Slevin and Covin 1990).

Our goal here is not to clarify how the two concepts interact in influencing firm performance, nor to falsify or confirm any specific hypothesis on this matter; we rather aim at speculating on the conceptual relationship between the two constructs drawing on more recent intriguing literature contributions on market orientation.

## 2. Theoretical Background

Entrepreneurship is traditionally considered as an “outward-looking” phenomenon. This is possibly a result of the great influence Kirzner (1973, 1979, 1997) and more in general the Austrian school of economics (Schumpeter 1934; Hayek 1945, 1978; Shackle 1972, 1979; Littlechild, 1986) have had on the theory of entrepreneurship. This stream of literature views entrepreneurs as subjects (usually individuals) that are particularly talented (better than others) at discovering and exploring new opportunities for resource allocation, which are activities that are put at the centre of the market process. Entrepreneurs initiate change by identifying and starting new trading opportunities, related to improved versions of existing commodities or new product or service concepts, which have been until then unknown to other agents. Schumpeterian new opportunities depend upon newly created information (innovation). In Kirzner, entrepreneurial opportunities are inherent in existing information and they are discovered by more alert individuals (Shane e Venkataraman 2000). In the more “radical subjectivist” approach, the market process is characterized by opportunities that are the result of the imagination of entrepreneurs, which are market participants able to see and create alternatives that do not yet exist (Littlechild 1986). The market process in the different contributions has specific nuances, but the nexus between marketing orientation and entrepreneurship in all of these cases is common and clear. The

entrepreneur's ability to identify and exploit new business opportunities is facilitated by the availability of adequate marketing skills and entrepreneurial opportunities lay and are exploited on the market because they are aimed at attracting and retaining profitable customers (Morris *et al.* 2002). Marketing itself is therefore entrepreneurial and it has to play a focal role in the firm (Murray 1981). It is then not a surprise that a recent stream of literature is coagulating around the concept of "entrepreneurial marketing" (Carson *et al.* 1995; Bjerke and Hultman 2002; Morris *et al.* 2002; Buskirk and Lavik 2004).

Casson's study (2003) of the entrepreneur and his idea of market-making firm even suggests that the relationship between entrepreneurship and marketing can be so intimate that a nascent firm can be started-up as a solution to the difficulties individual entrepreneurs can encounter when organizing a market (market-making firm).

It is widely recognized that established, mature firms and not just new ventures can be entrepreneurial (Stevenson and Jarillo 1990). Covin and Slevin (1991) argue that large established entrepreneurial firms are risk-taking, innovative and proactive. They also claim that a variety of factors influence the choice of entrepreneurial intensity, including environment, strategic position, organizational structure and culture, and firm resources. The interface between market orientation and entrepreneurship is therefore of paramount importance also in later stages of firm development.

Within this general framework, an important contribution for better understanding the relationship between market orientation and entrepreneurship has been the introduction of the market-driven management concept and of market-driving and proactive market-driven behaviour as attempts to redefine market orientation.

The market-driven approach (Day 1994, 1998; Jaworski *et al.* 2000; Narver *et al.* 2004), at least in its early conceptualization, is based on the silent assumption that the market is somehow a given. The market needs have to be observed and understood and differences in competitiveness are related to differentials in the ability to attract, satisfy, and retain customers. In other words, firms compete within an existing market structure and the winners are market-driven organizations that, based on certain distinctive capabilities that include market sensing, customer linking, channel bonding and technology monitoring (Day 1994), *before and better* than the competitors (Brondoni 2008) are able to understand emerging customer needs, to fulfil not-sufficiently satisfied needs and to provide the market with superior customer value.

The market-driving approach was proposed later in the management literature as an evolution of market-driven management. This approach is especially adequate in highly unstable competition spaces, where the time-based competition that characterizes market-driven firms is led to the extreme and where the ability to anticipate both competitors and potential customers is the key for business success. The market-driving paradigm was, for example, found particularly effective for marketing high-technology products and innovations in industries characterized by high levels of technological and market uncertainty and of competitive volatility. In case of market-driving behaviour (Hills and Sarin 2003; Kumar *et al.* 2002), a firm doesn't find a market that already exists and try to beat competition at better serving it. Rather, a firm is the driving force that shapes the structure and

preferences and the rules of competition on a radically redefined or a newly-created market. The firm introduces discontinuous leaps in the definition of value propositions, business models, and value creation networks (Kumar *et al.* 2002). This change affects the behaviour of all the market stakeholders and the various participants to the related value chain. While market-driven firms focus on customers (sometimes in the conceptually wider competitive context, which includes competition), market-driving firms consider the entire range of industry participants (Narver *et al.* 2004; Hills and Sarin 2003).

□ *“In 2004, the Chicago Mercantile Exchange (CME) traded a modest \$2.2 billion in weather futures – obscure derivatives that are linked to temperatures in 29 cities worldwide and that enable traders to bet on hot or cold spells. But the weather was unusually volatile in 2005: drought and floods in Europe, record heat in Australia and an active storm season capped by hurricane Katrina in the U.S. By the end of the year, CME had traded \$36 billion in weather futures.*

*With amateur and professional investors alike growing more concerned about global warming, financial institutions are finding a myriad of ways to cash in. A whole host of new indices, funds, and esoteric instruments have been created to meet their needs. Some, for example, offer ways for investors to ride the long term growth of sectors such as renewable energy, waste management and Arctic shipping; others bundle and package climate-change risk so it can be traded like platinum or pork bellies by hedge-fund speculators.*

*Investment-research firm KLD Research & Analytics launched a climate change index in 2005. This year the big investment banks have piled in, too. JP Morgan introduced an index in February comprised of bonds from firms with limited vulnerability to global warming. ABN Ambro launched a Climate Change and Environment Index in March, tracking stocks in businesses like emissions reduction and water filtration. In April, UBS introduced a global warming futures index based on the weather in 15 cities. Merrill Lynch launched an energy efficiency index in July. And in September HSBC unveiled what it claims is the largest climate change index to date, tracking the share prices of some 300 companies..... Lipper FERI, a mutual-fund information provider in London, estimates that Europe’s environmental and ecological equity funds alone raised nearly \$8 billion in the first three quarters of 2007, almost \$4 billion more than in all of 2006.... HSBC has tracked back its benchmark climate-change index to 2004, and claims it would have outperformed the MSCI World Index by about 70% - evidence that, so far at least, there has been plenty of opportunity to profit from environmental peril. Not surprisingly the big banks – many of them still nursing their wounds from the subprime meltdown – are eager to embrace this new money-spinner. Institutions like ABN Ambro, Merrill Lynch and HSCB have all created structured products built around their own indices: protected offerings, for example, that track an index but give a minimum guaranteed return, or leveraged offerings that amplify gains and losses. They can be used to hedge risks*

*presented by global warming, or simply to bet on the likelihood that cash will continue to cascade into the sector. It's all signs of how quickly and cannily the investment world reacts to the scent of a new opportunity. An added attraction in this case is that the market for such products is so richly diverse. Not so long ago, traders in weather futures were energy producers, insurance firms and tourism ventures – almost exclusively companies that directly had something to gain or lose from a change in the weather” (Blue 2007).*

In both of these attempts to reconceptualise market orientation, it is evident how the relationship with entrepreneurship is stringent. It's not a case that Day was among the founders of the Journal of Research in Marketing and Entrepreneurship in 1999.

### **3. Entrepreneurial Management and Market-Driven Management**

As discussed, in the literature one can find an increasing number of contributions aimed at clarifying the relationship between market orientation, especially in its more recent reconceptualizations, and entrepreneurship. It is evident that the two concepts are not coincident, although they seem to have a lot in common, especially when the market orientation is intended in the market-driving acceptance. It is maybe less evident, but it can easily be accepted as something that doesn't have to be demonstrated, that they are not overlapping, because they play different, as far as complementary, roles in the management of a firm. It is, finally, undeniable that entrepreneurship is somehow a broader concept than market orientation, even when we limit the comparison to the entrepreneurial orientation, which can be considered a component of entrepreneurship and which has more and more often been drawn close to market orientation. Entrepreneurial orientation is itself a much broader construct that includes at least three underlying dimensions: innovativeness, risk taking, and proactiveness (Lumpkin and Dess 1996, 2001; Covin and Slevin 1990).

What is, then, the relationship between the entrepreneurial management of a firm and market-driven, or market-driving management? And what is the contribution of the literature on market-driven management to the entrepreneurial theory of the firm?

In order to answer these questions, it is first of all necessary to pinpoint the fundamental connections between the two concepts:

1. *Change and Innovation* – Entrepreneurship is the essence of the capability to manage change for business success. Market-driven firms make the capability of changing the value proposition and the business model to provide the market with higher customer value the key to prevail on their competitors. The intensity of change and innovation is probably what led Schindehutte *et al.* to argue that what distinguishes the market-driving behaviour the most is the fact that it is an entrepreneurial phenomenon, although, correctly, immediately after they limit the theoretical span of their perspective to market-related decisions. They therefore define market-driving as “a dynamic advantage-creating capability and a disruptive advantage-destroying performance outcome” that “reflects a strong

entrepreneurial orientation” (Schindehutte *et al.* 2008, p. 5). In this sense, a market-driving approach is the marketing essence of entrepreneurship *a la* Schumpeter, as a creative destruction force. According to the Authors, market-driving is not to be intended as opposed to market-driven. The two constructs are not part of a continuum. The market-driven approach is aimed at redefining market orientation, whereas the emergence of market driving behaviour is the essence of entrepreneurial action, it is an outcome of innovation activities and at the same time an indicator of sustainable advantage. It is therefore clear that market-driving, and to a lesser extent market-driven, is strongly related to entrepreneurship, although not a pre-condition to entrepreneurship (as previous research had argued).

2. *Time* – Rapidity is inherent to entrepreneurship, especially in early stages of the entrepreneurial processes, for nascent entrepreneurs and start-ups, but also for established firms, particularly in turbulent markets characterized by volatile competitors’ behaviour and customer preference systems. Alertness (Kirzner) is widely recognized as an ineluctable entrepreneurial skill. Time-based competition is the typical mode of competition for market-driven firms.

3. *Holistic and Integrated Approach* – Entrepreneurship is the capability to lead the development of the firm as a system, integrating functional and subjective views and preferences in an overall process of value creation and distribution. The firm as an institution has a place in the economic system as a means for satisfying the needs of a complex set of stakeholders that coagulate around it. In competitive environments, the entrepreneur is the custodian of such an open system, which takes from and release to the environment resources, energy, and information. In this process, the firm obtains its vital lymph, because it opens to and interacts with the environment (Golinelli 2000). The market-driven approach doesn’t set aside from the global effects of market-driven decisions on the firm. It is consistent with a systemic view to the theory of the firm. Day stresses the importance of the configuration (which is a typical systemic concept), intended as the relationship intertwined between organizational culture, capabilities and processes that are engrained in the firm structure, as well as of the need for dynamic coherence among all its elements, which is achieved when they are integrated and reciprocally supportive. Market-driven firms are characterized by a set of cultural values and beliefs that aim at creating and delivering superior value to their customers (Day 1994; Desphande *et al.* 1993; Narver and Slater 1990). Market-driven firms acquire, create, develop and use both tangible and intangible resources (especially information and knowledge) and capabilities to outperform their competitors in delivering superior customer value. Contrary to what may be perceived when influenced by a misleading contraposition between inward and outward perspectives in the analysis of firm behaviour and performance, although widely discussed in the marketing literature, the market-driven management is grounded on and stems from the resource-based view of the firm and of strategic management. The capabilities approach to the explanation of the market-driven firm and of the processes that can enable a firm to become market-driven is explicitly adopted by Day (1994). His paper is an important contribution to the dynamic capabilities theory. The analysis barycentre is therefore on the firm *management*, as opposed to a marketing,

functional, approach. Its perspective is not structuralist, where the market constrains and affects the entrepreneurial decisions. On the contrary, the idea is that the market is a source of inputs and opportunities that can be exploited by the firm to achieve competitive advantage.

4. *Creative Approach* (as opposed to administrative approach) – Successful entrepreneurs tend to deviate from administratively focused marketing, which dominates mainstream marketing theory (Hills *et al.* 2008, p. 109). They have a strong long-term focus on fully meeting all the customers needs. Nevertheless, in the opportunity-seeking activity and in managing the relationship with the market, entrepreneurial firms tend to rely mostly on experience, immersion and intuition rather than on formal market research. This is first of all revealing in marking the difference between being marketing oriented and adopting formal marketing tools. Second, it highlights that market-driving firms tend to be guided by vision rather than by traditional market research (Kumar *et al.* 2000). This indicates that these firms are more entrepreneurial in the way they design and implement their way to compete, being the vision a centrepiece factor that distinguish entrepreneurship from managerial capabilities.

4bis. *Radically Subjectivist and “Activating” Approach* (as opposed to “physical” approach) – As already suggested by Littlechild (1986), we argue that the essence of entrepreneurship is the ability to strategically create (and profitably exploit) new possibilities. Entrepreneurs “build”, “activate” their own competition space. Entrepreneurship expresses itself in the creation and selection process that activates new entrepreneurial possibilities. The competition space can even be considered as a constituting part of the firm, as it is determined in relationship to the firm and from the firm. The activated space is the portion of environment to which a firm gives a meaning, in which it is immersed, and that the firm considers close to its action and to its needs (Vicari 1991, 1998; see, also, Weick 1979, 1988). Accordingly, the firm-specific possible market is the result of the decisions and actions that firm can adopt and implement, within the wide range of options and possibilities that competitors, customers and suppliers have. This sense-creating, poietic process view is clearly inherent to the market-driven approach, and especially to the market-driving version, too.

5. *Competition* – Entrepreneurship and competition are so interrelated that one could argue that there wouldn't be any need for entrepreneurship if there wasn't competition. Entrepreneurship is needed, in a situation of scarce resources, when the full achievement of a firm goals is not compatible with the full achievement of the goals of another firm. We therefore maintain that the strive to achieve competitive superiority is inherent in the entrepreneurship construct. Market-driven management is also aimed at delivering superior value in the competition space, although the concept of value is more limited to customer value, which is implicitly consider instrumental for maximizing business performance.

6. *Market* – Markets are the loci where entrepreneurial opportunities reside and where the competition battles take place. Market-driven and market-driving literature is crucial in bringing attention on the role firms have to play on their markets. In this sense, we argue that the most important contribution of this literature is that of enforcing market awareness in the entrepreneurial management of firms.

It is therefore clear that entrepreneurial and market-driven management are not in contraposition. Market-driven management is not posited to be an alternative to entrepreneurial management, a surrogate or even a better substitute to entrepreneurship. They are, rather, two different theoretical constructs that can be fully integrated. Especially in global turbulent environments, entrepreneurship can benefit from managing the firm in a manner that is driven by the market. In some instances, market-driving behaviour can be a substantial outcome of market-driven entrepreneurial management. In every case, market-driven, in the same way as entrepreneurship, is not a concept that has an absolute meaning, in the sense that a firm is or is not market-driven. It is a matter of intensity. Vorhies *et al.* even suggest a multi-dimensional measure that can be used for assessing the degree to which a firm is market-driven. It is therefore an entrepreneur's responsibility to decide how much market-driven the organization should be, consistently with the set of resources and competences it can acquire or develop and with the state and the predictable dynamics of the competition space. Entrepreneurs may also change the degree to which their firms are market-driven according to a cost-opportunity evaluation of specific competition space evolutions.

The adoption of a market-driven management approach at full intensity requires investments in resources and capabilities that may be unnecessary, or at least redundant, to successfully compete in certain competition space conditions. Typical situations where the market-driven tension on management should be the highest include those in which the firm delivers products or services to markets characterized by a demand that is lower than the supply and acquires the necessary inputs from markets where the demand is higher than the supply.

This allows us to introduce another important contribution. As previously recalled, the firm is a system in its nature. The adoption of an holistic perspective induces us to suggest that the firm is in competition not only on the markets to which it delivers its products or services. Firms compete on all the markets from which it acquires value and to which it delivers value. The entrepreneurial process is one of creation (acquisition and combination) and distribution of value. The firm confronts its competitors, sometimes it creates alliances with them, to obtain at better conditions the best financial resources, employees, material inputs, machineries, etc.. The firm has then to overcome its competitors in its capability to absorb and combine these resources and competencies in order to be able to deliver superior customer value.

We therefore suggest the adoption of an "extended" market-driven approach that drives entrepreneurial management to supremacy in an extended competition space, on all of the firm markets. This is particularly important in environments that are heavily affected by competition on supply markets, which is for instance what is currently happening in energy-intensive industries, or in industries where firms make large use of certain commodities, including minerals and certain agricultural products. For example, until recently, pasta producers tended to be immune to fluctuations in the prices of corn and its derivatives (soft and hard wheat) because the price range had typically had a limited span and the incidence of the cost for these raw materials on the total cost of the final product used to be very limited. European and U.S. legislations to support the production of biofuels, associated to the increase in the global demand for food (especially from fast-growing economies, such as China, India, and others) and to speculations on



the Chicago corn exchange, boosted the prices of cereals so high that the costs of certain inputs for the production of pasta soar skyward. In this scenario, these firms have to rely on promptly available information on these supply market trends and on adequate knowledge on the functioning of those markets, and financial competencies to trade on futures and other derivatives on cereal if they want to successfully compete and keep delivering superior value to their customers. In other words, the underlying intuition of market-driven management can be adopted also for competing on the markets for the inputs.

**Figure 1: Market-Driven Intensity**

		OUTPUTS MARKET		
		D>S	D=S	D<S
I N P U T S  M A R K E T S	D < S	PRODUCT ORIENTED	CUSTOMER ORIENTED	MARKET DRIVEN
	D ≈ S	SUPPLIER ORIENTED	CUSTOMER & SUPPLIER ORIENTED	MARKET DRIVEN & SUPPLIER ORIENTED
	D > S	SUPPLY MARKETS DRIVEN	SUPPLY MARKETS DRIVEN & CUSTOMER ORIENTED	FULL MARKET DRIVEN

Considering the state and the predicted evolution of the competition space, Figure 1 shows specific orientations entrepreneurs can adopt. The options shown in Figure 1 are to be considered as minimum thresholds of orientation. This means that, with regard to every combination of comparative dynamics demand/supply per input/output markets, the adoption of a market orientation at an intensity lower than the one proposed may not be sufficient to successfully compete. It also means that firms that decide to increase the intensity of the market-driven approach over the suggested level may incur in unnecessary costs to develop superior competitive value.

Building upon Day's definition of market-driven organizations (Day 1994, p. 44), "Full" market-driven firms are distinguished by an ability to sense events and trends in their outputs and inputs markets ahead of their competitors. They can anticipate more accurately the response to actions designed to retain or attract customers *and* suppliers (in a broad sense), improve relations with their clients and suppliers along the supply-chain, or thwart competitors. They act on information in a timely, coherent manner. They develop internal organizational and strategic processes that allow them to take full advantage of a potentially better competitive position. They are better and faster than their competitors in both the outputs and the inputs markets.

#### 4. Conclusions

In conclusion, in the exploration of the entrepreneurship/market-driven management interface, we already noticed that entrepreneurship has a broader meaning and a larger theoretical span because it includes attitudes that are not explicitly considered by the concept of market-driven management (including leadership and risk-taking) and it more directly involves more comprehensive functions in ensuring the firm survival and success. Despite this, the market-driven approach can be adopted with regard to all the entrepreneurial functions:

1. *Market-Driven Strategy* – Market-driven firms need competitive strategies to coordinate the competitive actions and to provide all the separate functional (including marketing) activities and plans shared meaning (Day 1994). In market-driven firms, creating superior customer value orients strategy formulation and implementation. The capabilities firms need to have to successfully compete, of course, vary from industry to industry, from market to market, and within the same industry or market. In most of the cases, entrepreneurial firms have to possess other capabilities in complementary functional areas and processes besides those that are normally associated to market-driven management. Moreover, it's always necessary to have “double-loop” capabilities, which means capabilities to learn, to accumulate, combine, and protect “first-loop” capabilities (Argyris and Schön 1974). Market-driven or market-driving firms' competitive superiority would be volatile if not accompanied by adequate capabilities to protect the sources of advantage. In other words, to sustain the competitive advantage that can be obtained by developing market-driven enabling capabilities, these capabilities must provide the customers with value, be difficult to imitate and immobile across firm boundaries (Barney 1991; Grant 1991, 1996).

2. *Market-Driven Organization* – Entrepreneurship can also be viewed as an organizing function. “Organizing involves planning and coordination of resources, people, ideas, and market mechanisms as well as the establishment of routines, structures, and systems. Organizing processes are accomplished through interactions among people, continually reaccomplished and renewed over time. At the same time, organizing in entrepreneurship is socially embedded and context specific, where the entrepreneur (organizer) interacts with internal and external environments” (Gartner and Brush 2007, p. 1). Market-driven management can provide entrepreneurship as organizing with a tension towards creating and developing structures, material processes, and organizational culture that can potentially yield to the capability of delivering superior value to the customers.

3. *Market-Driven Governance* – Value creation and appropriation within the market is the node of the relationship between entrepreneurship and market-driven management. The market provides entrepreneurs with signals about what is desired, and at the same time, with its answers to competing firms' value propositions, it contributes to shaping the unevenness in the firms' performance. The product is therefore the fundamental expression of the relationship a firm has with its targeted market. The value of the firm as a system for satisfying the needs and goals of a diverse combination of stakeholders, and therefore its ability to achieve a teleological equilibrium, which is one of the fundamental conditions for the survival and success of the firm, depend on the product value recognition. The

negotiated value of the product (and consequently the firm turnover) is at the intersection between its market value, which is the value that can potentially be negotiated, and the value of the combination of the negotiated values of the resources and competencies that have been used to produce it (the negotiated value of raw materials, energy, services, transportation, workforce, of the used financial capital, machinery and equipment, etc.). The product market value, in its turn, is the result of the comparison prospect and actual customers make between the perceived, expected or experimented, value of the products offered by competitors. Other factors that can affect the product market value and that can be influenced to a lesser extent by the firm include the value of positive externalities, the value that derives from the availability of complementary resources, and finally the value that can be obtained by lobbying and by favourable market regulations. A market-driven approach to value creation and distribution conducts this dialectic interaction between different value components to the maximization of the value delivered to customers. Internal processes within a market-driven organizations are designed to serve this purpose. Nevertheless, it is clear that this process strongly affects the possibility of survival and success of the firm also because it is closely related to the distribution of value among all of the firm stakeholders, which all have to be adequately satisfied. We therefore argue that market-driven firms require an integrative corporate governance model. So, even in the essence of market-driven management, which is the development and delivery of superior products and services to the customers (Cravens *et al.* 2000), market-driven firms have to adopt an iterative approach to ensure that the achievement of a superior customer value is not obtained through an unsustainable compression of the satisfaction of the other stakeholders. Again, extending the market-driven tension to the management of the relationship a firm has with all the participants to the sequence of markets intertwined throughout the overall value network can positively contribute to obtaining a durable competitive advantage. In the competition for the acquisition of the tangible and intangible resources, energy and information the firm needs to create value, market-driven firms should in our opinion aim to prevail on the competitors on every market (for the products, the human capital, the financial capital, the social capital, the information, and so on). In doing so, market-driven entrepreneurial firms would be characterized by a tension to deliver superior value to all of the stakeholders for ultimate competitive supremacy. In this more ample view, winning against the competitors in the relationship with the customers is just a pre-condition for the creation of sufficient value to survive and prosper.

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