

Preface

We—that is, the author, with help from her research team—have written this book to help address three needs: the urgent need for a fundamentally new approach to managing firms, the need to understand and compare management models used by leading innovation giants in Silicon Valley and in China, and the need to understand if the Chinese pacesetters may even have surpassed the Silicon Valley-based firms in regard to new management models for innovation and speed.

The business environment has changed dramatically. As more than one observer puts it, change itself has changed. Markets and technologies in virtually every industry are now subject to frequent and unpredictable change, putting a premium on qualities like innovation, adaptability, and rapid response. Yet the great majority of companies still are built around rigid command-and-control cultures and bureaucratic structures of the kind that evolved during the last century.

The future, however, will favor companies that can migrate to a new management model better suited for this time, the Internet Age.¹ We first observed key elements of this new approach in use at Google. Our findings were published in an award-winning journal article and in Dr. Annika Steiber's 2014 book *The Google Model: Managing Continuous Innovation in a Rapidly Changing World*. Then, starting early in 2014 we expanded our studies. The goal was to ascertain whether we were, in fact, on to something that might be widely applicable. So we combed through writings by a multitude of eminent business scholars, consultants, journalists, and executives worldwide, searching for evidence on what works best for managing amid rapid change. We also widened our own inquiries to look at companies, which, like Google, had grown and flourished well beyond the start-up stage

¹ We strongly believe that not only are business firms in need of new approaches to management, so are other types of organizations, such as nonprofits and organizations in the public sector. And we believe that the new management models we will describe here are applicable to them as well.

in Silicon Valley. These companies were Tesla, Apigee, and the social-networking leaders Facebook, LinkedIn, and Twitter.

We found a remarkable convergence. The companies turned out to be using management principles and practices that not only were similar to each others', and to Google's, but were also congruent with the best new management practices identified in our global review of the research literature.

We labeled these practices "The Silicon Valley Model" because, at the time, the Valley is where they appeared to be most highly developed and most thoroughly applied. The results of the further study—including a detailed description of the model—were published in *The Silicon Valley Model: Management for Entrepreneurship* (2016, by Dr. Steiber and Sverker Alänge).

Then shortly afterward, the author of this book was invited by Haier, the global home appliance firm, to visit its headquarter in China. People at Haier wanted to discuss their own management model, which in their view was even more advanced than the Silicon Valley Model. That visit became the trigger for this third book, which further extends the inquiry begun in the first two. The book is based on an extensive literature review about China and five case companies chosen by the author: Haier, Alibaba, Tencent, Baidu, and Xiaomi. The literature review was conducted over one year and was complemented with selected interviews with people who had good knowledge about China and/or any of the Chinese case companies, and preferably could also relate this knowledge to one or several of our Silicon Valley-based companies.

We believe this book makes an original contribution to the management field, as it is the first to compare successful new management approaches in Silicon Valley with those in China. Within a short volume, it weaves together many strands of leading-edge research to cover several interrelated topics. The book describes the background and key features of the Silicon Valley Model, in a somewhat condensed but still detailed form; investigates the five case companies in China, which are well known for being innovative; and compares these firms' management models with each other and with the model applied by the Silicon Valley firms. The book also provides a synthesis on the development of China since the 1980s and how this is affecting China's capabilities for innovation.

Clearly, the whole subject area deserves more research; our own work is ongoing. We hope you will find this book to be an insightful overview of what is already known (and ought to be more widely known). Ideally, it will help to promote further conversation about the need for a new management model and spur interest in learning from models now in use at some of today's innovation giants. We truly believe that if Chinese firms do, in fact, apply a model similar to the one we call the Silicon Valley Model, it will increase their chances to scale their businesses globally and become a true threat to the current Western innovation firms based in Silicon Valley.

Finally, we hope that the synthesis we present here does justice to the work of many, by bringing it into a new light. And most important, we hope this book will prove to be provocative and useful to business managers, boards of directors, consultants, scholars, and policy makers everywhere, for years to come.

Silicon Valley, CA, USA
August 2017

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<http://www.springer.com/978-3-319-67488-9>

Management in the Digital Age
Will China Surpass Silicon Valley?
Steiber, A.
2018, XV, 113 p. 1 illus., Softcover
ISBN: 978-3-319-67488-9