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COMPARISON OF TRADITIONAL MANAGEMENT AND LEAN MANAGEMENT IN STARTUPS

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ПОРІВНЯННЯ ТРАДИЦІЙНОГО МЕНЕДЖМЕНТУ ТА LEAN-МЕНЕДЖМЕНТУ В СТАРТАПАХ

In the context of rapid technological advancement and a highly competitive environment, startups face unique managerial challenges. Limited resources, high uncertainty, fast-changing markets, and the need to quickly test hypotheses, pivot products, adjust distribution channels, or even overhaul the entire business model create a complex environment for effective management. In such conditions, traditional management approaches often prove too rigid and slow to keep up with the dynamic nature of startups. In contrast, lean management, based on the principles of lean production, focuses on minimizing waste, rapidly testing hypotheses, gathering customer feedback, and continuously improving processes. This article aims to provide a comparative analysis of the effectiveness of traditional management and lean management in startups, with a focus on managerial processes. The study examines the key aspects of both approaches, their advantages, limitations, and impact on the success of startups at different stages of development. Based on the above considerations, it is evident that both traditional management and lean management have their unique advantages and limitations, which shape their specific impact on the operational effectiveness of startups. Each approach demonstrates varying degrees of relevance depending on the particular stage of the startup's stage of development. It has been established that lean management proves

particularly effective in the early stages of development due to its flexibility, ability to quickly adapt, and focus on minimizing waste in the process of creating customer value. It has also been shown that traditional management becomes more relevant during the scaling phase, when a startup requires stability, process standardization, and a systematic approach to management. It is evident that the choice of a management model is not universal but should be based on a deep understanding of the startup's current needs, external environmental conditions, and goals at a specific stage of development. It has been proven that a rational combination of elements from both approaches can provide the comprehensive managerial flexibility necessary for sustainable growth and long-term success of a startup. Given the established correlation between the effectiveness of management approaches and the stage of a startup's development, a promising direction for further research is the development of adaptive management models that integrate the strengths of both traditional and lean management. It is also advisable to explore mechanisms for the dynamic transition from one managerial paradigm to another.

В умовах швидкоплинного розвитку технологій та висококонкурентного середовища перед стартапами постають унікальні управлінські виклики. Обмежені ресурси, висока невизначеність, швидка зміна ринку та потреба швидко тестувати гіпотези, змінювати продукт, канали збуту чи навіть всю бізнес-модель створюють для них складне середовище для ефективного управління. У таких умовах традиційні підходи до менеджменту часто виявляються недостатньо гнучкими та інертними для динаміки стартапів. Натомість lean-менеджмент, заснований на принципах ощадливого виробництва, акцентує увагу на мінімізації втрат, швидкому тестуванні гіпотез, зворотному зв'язку з клієнтами та постійному вдосконаленні процесів. Метою даної статті є порівняльний аналіз ефективності традиційного менеджменту та lean-менеджменту у стартапах з акцентом на управлінські процеси. У дослідженні розглядаються ключові аспекти обох підходів, їх переваги, обмеження та вплив на успішність стартапів на різних етапах розвитку. За наведеними положеннями очевидно, що як традиційний менеджмент, так і lean-менеджмент мають свої унікальні переваги та обмеження, які формують специфічний вплив на ефективність функціонування стартапів. Кожен з підходів демонструє різний ступінь доцільності залежно від етапу розвитку стартапу. Констатовано, що Lean-менеджмент виявляється особливо ефективним на ранніх етапах розвитку стартапу завдяки своїй гнучкості, здатності до швидкої адаптації та мінімізації втрат у процесі створення цінності для клієнта. Доведено, що традиційний менеджмент набуває більшої актуальності на етапі масштабування, коли стартап потребує стабільності та стандартизації процесів, а також системного підходу до управління. Очевидно, що вибір управлінської моделі не є універсальним і має грунтуватися на глибокому розумінні поточних потреб стартапу, умов зовнішнього середовища та цілей на конкретному етапі розвитку. Доведено, що раціональне поєднання елементів обох підходів може забезпечити комплексну управлінську гнучкість, необхідну для стійкого зростання та довгострокового успіху стартапу.

Key words: effective management; business model; optimal management strategy; startup; iterative testing; waste minimization; customer value creation; feedback-driven learning.

Ключові слова: ефективне управління; бізнес-модель; оптимальна управлінська стратегія; стартап; ітеративне тестування; мінімізація втрат; створення цінності для клієнта; навчання на основі зворотного зв'язку.

PROBLEM STATEMENT

In an environment of rapid technological advancement and intense competition, startups face unique managerial challenges. Limited resources-such as insufficient funding, a lack of personnel, or underdeveloped infrastructure-combined with high uncertainty and fast-changing markets (where technological innovations and shifting consumer demands evolve so rapidly that long-term planning often becomes obsolete before implementation) create a complex setting for effective management. Additionally, the constant need to rapidly test hypotheses, pivot products, adjust distribution channels, or even overhaul entire business models further intensifies this complexity. In such conditions, traditional management approaches-centered around long-term classical planning, hierarchical structures, and formalized processes-often prove too rigid and slow to respond to the dynamic nature of startups. One of the most critical issues is that managerial decisions frequently have to be made under conditions of limited or incomplete information.

Table 1. Comparative analysis of key managerial aspects of traditional management and Lean management in the context of startups

Management processes	Traditional management	Lean-management
Planning and strategy	Focused on detailed long-term planning based on clearly defined strategies and forecasts. This approach is suitable for stable environments but is less flexible in unstable conditions.	Focused on iterative, adaptive planning (for example, through MVP — minimum viable product). This approach is well-suited for conditions of uncertainty and frequent change.
Decision making	A centralized process where decisions are often made at the higher management levels after analysis and justification.	Oriented toward decentralization and rapid decision-making within teams. It practices "experimental" management—decisions are made based on user feedback.
Risk and uncertainty management	Focused on minimizing risks through careful planning and control, which can slow down the response to changes.	Acknowledges risk and uncertainty as inherent parts of the process. Risks are mitigated through rapid testing of ideas at early stages with minimal costs.
Customer interaction	Market interaction primarily occurs after the product is developed, with the main focus on internal efficiency.	Continuous communication with customers is a key principle. Feedback plays a crucial role in product development.
Management structure and communication	A hierarchical structure with clearly defined roles and vertical communication.	Flexible teams, horizontal communication, cross-functionality, and rapid response to challenges.
Performance Measurement	Focused on financial metrics, KPIs, productivity, and achieving planned objectives.	The main focus is on learning speed, waste reduction, customer value creation, and iterative progress.

Source: compiled based on [1; 3; 6].

In contrast, lean management-rooted in the principles of lean production-emphasizes waste minimization, rapid hypothesis testing, customer feedback, and continuous process improvement. This approach is gaining increasing popularity among startups as an alternative to traditional management models, offering greater adaptability to change and enabling sustainable growth in the face of uncertainty.

ANALYSIS OF RESEARCH AND PUBLICATIONS

The challenges of applying traditional management and lean management in newly established companies developing innovative products or services under conditions of high uncertainty have been studied by Tereshchuk A. [4], Havrysh O. A. [3], Lyshenko M. [2], Chaudhri V., Pridmore J., and Mauck C. [5]. These researchers examine the adaptation of management approaches to the dynamic startup environment, the specifics of decision-making under resource constraints, the impact of agile methodologies on product time-to-market, as well as the risks associated with uncertain consumer needs and constantly changing market conditions. However, a comprehensive comparison of traditional management and lean management specifically in the context of startups operating under conditions of high uncertainty has not been sufficiently addressed in academic research.

This is due to several factors. First, startups are characterized by significant variability in business models, industries, and stages of development, which complicates the standardization of criteria for comparing management approaches. Second, the rapid pace of change and high uncertainty inherent in startups make traditional research methods less effective, as these methods often rely on stable and predictable conditions. Third, lean management as a concept is frequently adapted to the specific context of each startup, resulting in a lack of universal models for comparison with traditional management. Finally, the scarcity of empirical data and the limited number of long-term studies in this area hinder in-depth analysis and systematic synthesis of results.

At the same time, the authors believe that such an analysis is feasible and can ultimately contribute to the development of practical recommendations for selecting the optimal management strategy for newly established companies seeking flexibility, innovation, and sustainable growth.

FORMULATION OF THE ARTICLE'S OBJECTIVES

The purpose of this article is to conduct a comparative analysis of the effectiveness of traditional management and lean management in startups, with a focus on managerial processes. The study examines the key aspects of both approaches, their advantages, limitations, and impact on the success of startups at different stages of development.

THE PAPER MAIN BODY

The key managerial aspects of traditional management and lean management in the context of startups differ significantly due to fundamentally different approaches to process organization, decision-making, and market interaction.

Table 2. Structured presentation of the advantages, limitations, and impact of traditional managementon the efficiency of startup operations

Advantages of traditional management in startups		Limitations of traditional management in startups		Impact on startup success at different stages of development
Advantages	Description of advantages	Limitations	Description of limitations	
Structured approach	Provides clarity in the allocation of responsibilities and processes. [1]	Low flexibility	Difficult to adapt to changes in the market or product.	Initial stage (idea/MVP) – impact is low: excessive planning, inertia. Growth stage (traction) – impact is partially useful for process stabilization. Scaling stage – impact is most effective in establishing systematic operations.
Financial discipline	Emphasizes the importance of budgeting, cost control, and profitability assessment. [2]	Slow decision-making	Centralization slows down the response to new challenges.	
Reduction of operational chaos	Particularly useful at later stages (scaling) when order and standards are needed. [3]	Focus on planning rather than real-time adaptation	Does not account for the need for experimentation and strategic pivots.	
Systematic processes	Suitable for establishing a stable internal organization in mature startups. [4]	Unsuitability in early stages	Traditional methods often fail under conditions of uncertainty.	

Note

1. This advantage is formed thanks to the hierarchical approach of traditional management, where the roles, tasks, and responsibilities of each team member are clearly defined. In startups, this helps to avoid duplication of functions, chaotic decisions, and power struggles, especially when the team is growing rapidly.

2. Traditional management is based on strict resource planning and control over the execution of financial plans. In startups, this creates a culture of responsible financial management, which is especially important given limited budgets or dependence on investors.

3. At the scaling stage, the chaos typical of early startup phases can become critical. Traditional management methods introduce process standardization, quality control, regulations, and procedures, enabling stability and predictability in operational activities.

4. Traditional management views the organization as a complex system that needs to work harmoniously with a long-term perspective. In mature startups transitioning from an experimental to an operational model, systematization helps formalize internal rules, implement policies, and build a stable organizational culture and decision-making system.

Source: compiled based on [2—3; 6].

Specifically, traditional management has historically developed for stable, predictable conditions within large organizations, where efficiency is achieved through planning, structured frameworks, clear hierarchies, and control over execution [6]. This approach focuses on minimizing risks through advanced forecasting and detailed regulation of activities. However, in the realities of startups-with their high uncertainty, limited resources, and rapid market dynamics-such a management model often proves to be too slow and inflexible [3].

In contrast, lean management is based on adaptability, flexibility, and rapid response to change [1]. Its key aspects-iterative testing, waste minimization, value creation for the customer, and feedback-driven learning-are much better suited to the needs of startups. The lean approach enables effective management of uncertainty, quick strategy adjustments, and decision-making based on real data rather than solely on forecasts.

A comparative analysis of the key managerial aspects of traditional management and lean management in the context of startups is presented by us in Table 1.

Based on the information provided, it is clear that the differences between these two approaches are not merely theoretical-they stem from the very nature of startups as organizations operating in an unstable, high-risk environment where traditional management models lose their effectiveness. Both traditional management and lean management have their unique advantages and limitations, which shape their specific impact on the operational efficiency of startups.

A structured presentation of the advantages, limitations, and impact of traditional management on the operational efficiency of startups is provided by us in Table 2.

The advantages and limitations of traditional management in startups arise from its focus on stability, predictability, and control, which contradict the dynamics and uncertainty characteristic of the early stages of startup development [5]. The impact of the traditional management model on a startup's efficiency functioning is variable and directly depends on the stages of development. At the initial stage — when the idea is just being formed, the product is in development or testing, and the market interest has not yet been confirmed — traditional management can have a slowing effect. It is because it involves rigid planning, regulated procedures, a hierarchical structure, and centralized decision-making. This contradicts the need for rapid experimentation, flexible changes, and continuous customer feedback.

In contrast, as the startup grows and moves into the scaling stage-when the product already has stable demand, and the company is expanding its team, markets, or infrastructure-traditional management practices gain new significance. During this period, there arises a need to systematize internal processes, standardize operations, ensure quality control, and manage risks at the organizational level. In this case, traditional management can play a stabilizing role, helping to reduce chaos, ensure controlled growth, and improve overall efficiency.

A structured overview of the advantages, limitations, and impact of Lean management on the efficiency of startup operations is presented in Table 3.

It is evident that the advantages, limitations, and impact of Lean management on the efficiency of startups are driven by its flexible nature, focus on rapid hypothesis testing, resource optimization, and continuous adaptation to change. For example, an early-stage startup

Table 3. Structured overview of the advantages, limitations, and impact of Lean management on the efficiency of startup operations

Advantages of Lean management in startups		Limitations of Lean-management in startups		Impact on startup success at different stages of development
Advantages	Description of advantages	Limitations	Description of limitations	
Flexibility and adaptability	Enables rapid response to changes in the market or user behavior. [1]	Lack of a long-term strategy	Focus on current iterations may hinder large-scale planning.	Initial stage (idea/MVP) — impact is most effective: rapid testing and adaptation. Growth stage (traction) — impact provides advantage, but requires structure. Scaling stage — impact requires supplementation or integration with traditional management.
Rapid hypothesis testing (MVP)	Minimizes costs and time spent on creating unnecessary products. [2]	Risk of chaotic development	Excessive flexibility without a clear structure can lead to loss of focus.	
Customer orientation	Continuous feedback promotes the development of in-demand solutions. [3]	High dependence on experiments	Not all hypotheses can be tested without spending time and resources.	
Waste reduction	Resource optimization, which is critically important at the early stage. [4]	Not always suitable for complex or regulated industries.	Problematic in environments requiring strict adherence to procedures.	

Note

1. This advantage is formed thanks to the key principles of lean management: iterativeness, decentralization, and bureaucracy minimization. Lean does not require strict adherence to a long-term plan — on the contrary, it encourages continuous reassessment of decisions based on new data.

2. This stems from the concept of the Minimum Viable Product (MVP) — one of the central ideas of the lean approach. Instead of launching a complete product, a startup develops a basic version that allows rapid validation of key assumptions about market needs.

3. Lean management is based on the concept of creating value for the customer. Constant communication with users, early testing, and consideration of their needs enable the creation of products that genuinely solve consumer problems rather than merely reflect the internal vision of the team.

4. Lean management originates from lean manufacturing practices (notably the Toyota Production System), which emphasize eliminating everything that does not add value to the end user. In startups, this means minimizing unnecessary development, redundant features, prolonged meetings, or excessive paperwork.

Source: compiled based on [1; 4—5].

can actively use the rapid experimentation methodology to validate product demand, which helps minimize development costs and focus on the most promising ideas.

The impact of this management model on efficiency depends on several factors [3]:

— the startup's development stage (initial phase, scaling, maturity),

Table 4. Practical recommendations for selecting an optimal management strategy for startups

Practical recommendations	Detailed explanation of the given instruction or recommendation
Assessing the startup's development stage	At the early stages, a focus on Lean management is important for rapid hypothesis testing, adapting the product to customer needs, and minimizing costs. Later, as the business scales, integrating elements of traditional management becomes essential to ensure stability and systematization.
Implementing a hybrid management approach	Combining the flexibility of the Lean methodology with the structured practices of traditional management in areas such as resource planning, quality management, risk management, and team coordination. This approach helps preserve innovativeness while simultaneously improving operational efficiency.
Ensuring feedback and training	Fostering a culture focused on rapid decision-making and learning based on acquired data, which is the foundation of Lean management, while simultaneously maintaining clear standards and processes for quality control.
Establishing an adaptive organizational structure	Creating a structure that responds quickly to changes in the external environment and scales without losing coordination and control, combining hierarchical and cross-functional teams.
Regularly reviewing the management strategy	Periodic evaluation of the effectiveness of applied management approaches. Periodic adjustment of applied management approaches in accordance with new challenges, goals, and market conditions.

Source: compiled by the authors.

— the level of organizational maturity,

— the team's ability to make quick decisions and learn from received feedback.

At the early stages of a startup's development, when the company is still shaping its business model and seeking product-market fit, Lean management is particularly effective. By utilizing a Minimum Viable Product (MVP), rapid hypothesis testing, and continuous customer feedback, the startup can quickly identify the real needs of consumers and avoid unnecessary costs associated with developing redundant features or products. This significantly shortens the time to market and increases the chances of survival in conditions of limited resources.

However, as the startup grows, with an expanding team, increasing number of customers, partners, and internal processes, the Lean approach in its original form can no longer fully ensure efficiency. At the scaling stage, there arises a need for standardization, regulation, building a management hierarchy, and implementing control systems [2—3]. Therefore, at this stage, Lean management reveals the need for integration with traditional management in areas such as resource planning, quality management, risk management, and ensuring operational alignment between teams. To achieve effective integration, it is essential to develop an optimal management strategy for startups. This involves assessing the startup's development stage, implementing a hybrid management approach, ensuring feedback and staff training, establishing an adaptive organizational structure, and regularly reviewing the management strategy (see Table 4).

Practical recommendations for selecting an optimal management strategy for startups form a hybrid approach that allows maintaining flexibility in decision-making and innovativeness, while simultaneously ensuring stability, control, and scalability.

CONCLUSIONS

From the above statements, it is clear that both traditional management and lean management have their unique advantages and limitations, which shape their specific impact on the efficiency of startup operations. Each approach demonstrates varying degrees of suitability depending on the startup's stage of development. The research findings state:

1. Lean management proves to be particularly effective at the early stages of development due to its flexibility, ability to quickly adapt, and minimization of waste in the process of creating value for the customer.

2. Traditional management becomes more relevant at the scaling stage, when a startup requires stability, process standardization, and a systematic approach to management.

Thus, it is evident that the choice of a management model is not universal but should be based on a deep understanding of the startup's current needs, external environmental conditions, and goals at a specific stage of development. It has been proven that a rational combination of elements from both approaches can provide the comprehensive managerial flexibility necessary for sustainable growth and long-term startup success.

Given the established dependency of management approaches' effectiveness on the startup's development stage, a promising direction for further research is the development of adaptive management models that combine the advantages of traditional management and lean management. Such a hybrid approach requires theoretical substantiation and empirical validation across various industries, types of startups, and cultural contexts.

It is also advisable to study the mechanisms of dynamic transition from one management paradigm to another: how and when the integration of structured management into lean-oriented processes occurs, what risks accompany this transition, and which tools help optimize it.

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