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From the Editors

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What makes a small business successful? Many times have we heard that "nothing breeds success like success," yet how does a newbie entrepreneur "breed success" if this is his or her first time out of the gate? Alyssa Gregory[1] noted that the three ways she was armed for success after her first failure was being prepared, being flexible, and being tenacious. Even in these seemingly toughest of times for small businesses, those owners with a positive outlook seem to weather the financial storm. "Even during the recession, the SBSI (Small Business Success Index) found that most owners were satisfied with their vocation … 61 percent are highly satisfied … while only 7 percent are dissatisfied. And yes, small businesses are indeed growing. During a rather bumpy 2010, 38 percent of small businesses experienced a gain in sales over the previous year, compared to only 15 percent who experienced a decline."[2]

Several of the articles in this issue address small business performance relative to the factors that lead to a firm's success operation. Mark Simon, Chanele Stachel, and Jeffrey G. Covin in their article "The Effects of Entrepreneurial Orientation and Commitment to Objectives on Performance" examined whether characteristics of a firm's strategic management processes, such as commitment to objectives, moderated the relationship between Entrepreneurial Orientation (EO) and performance. They found that both EO and commitment to objectives had a direct positive effect on sales growth, at least among small, high-technology firms. The interaction of EO and commitment to objectives also significantly influenced performance. Commitment to objectives benefited the performance of companies higher in EO more than it benefited the performance of companies lower in EO. In fact, commitment to objectives appeared to have no effect on the performance of the low EO companies.

The second study entitled "Strategic Relationships in a Small Business Context: The Impact of Information Quality and Continuous Quality Improvement" by Michael L. Harris, William C. McDowell, and Shanan G. Gibson supports previous hypotheses and research indicating that in small and medium sized (SMEs) businesses' information quality and continuous quality improvement are positively related to performance. These findings not only add to the literature base, but also provide practical implications for SMEs in regards to building stronger relationships with other organizations. SMEs generally have access to limited resources and technologies needed to process information and improve operations, making it important to understand how to best develop strategic alliances that positively affect firm performance.

Michele K. Masterfano examined the notion of strategic alliances in a narrower setting in her article entitled "Effects of Participation in Paid Membership Organizations on Entrepreneurial Success." Her research surprisingly indicated that formalized networking, that is, paying dues to belong to an organization in order to expand one's network, does not in and of itself increase or enhance the success of a business, whether measured in the rate of revenue growth or the number of employees. While the results clearly show no difference in growth rates of those businesses whose owners belong to paid membership organizations and those who do not, there were a large number of benefits denoted by members in the open-ended questions. While these benefits may not, according to the results reported here, be in the area of explicitly increasing revenues or providing for growth in other ways, there appears to be a distinct marketing benefit of membership in the area of brand building, as well as benefits from mentoring, collaboration on specific projects, and as a resource for information exchange.

In the fourth article "Founder Characteristics and Legitimacy-Seeking Behaviors" John T. Perry, Xin Yao, and Timothy L. Pett predicted that the levels of entrepreneurial and industry experience of new ventures' founders and their growth orientations and locus of control would be related to the degree to which they engaged in legitimacy-seeking behavior. The results of their study supported their predictions. Consistent with their predictions, founding teams that have, on average, helped start more businesses and have more years of work experience in their venture's industry are more likely to engage in behavior that is aimed at increasing their venture's legitimacy. Also, they found that founding teams with lead founders who intended to grow their ventures into large firms were more likely to engage in behavior that is consistent with trying to increase their venture's legitimacy. In contrast, those who have an internal locus of control are less likely to engage in legitimacy-seeking behaviors.

We shift from empirical research to conceptual development as Jeff Vanevenhoven, Doan E. Winkel, Deborah Malewicki, William L. Dougan, and James Bronson explore the notion of "bricolage" (a propensity to rely on resources at hand in accomplishing critical tasks and/or in accomplishing goals) as conceptual framework for analyzing entrepreneurial behavior. They identify the various forms of bricolage used by entrepreneurs, the strategies by which those forms are employed, the mechanisms through which they are expressed, and the ways in which these change during various stages of the entrepreneurial process. They further argue that if aspiring entrepreneurs can be given a concisely delineated conceptual framework that identifies methods and approaches for navigating the entrepreneurial process productively, these individuals may have a greater chance of success.

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In "No Exit? Trying to Salvage D&H Management LLC: Parts A and B" Adva Dinur, Herbert Sherman, and Daniel J. Rowley in Part A present a "no win" scenario for the owners of D&H Management LLC; the firm has a negative cash flow from rental properties that are worth less than their outstanding mortgages. Discussed options include: selling all of the properties and assuming a loss while avoiding the negative cash flow; walking away from all of the properties and assuming a loss while avoiding the negative cash flow; delaying paying the mortgages on some of the homes allowing these properties, if necessary, to go into foreclosure (in the interim use the positive cash flow to shore up some of the more positive cash flow homes); or contact all of the lenders and try to renegotiate the mortgages so as to have lower monthly rates. In Part B the managing partner proposes splitting up the firm by quit claiming the properties to each of the general partners who were the individual mortgage holders for each property. The general partners saw this move as a "sell out" and had no interest in managing pieces of the firm.

We are quite pleased to present our readers two book reviews: *Effective Business Planning: A Structured Approach: A Guide for Entrepreneurs* (reviewed by Alison J. Paster) and *Engines of Innovation: The Entrepreneurial University in the Twenty-First Century* (reviewed by Joseph Bell).

This Fall 2011 issue marks Dr. Sherman's 6th year as editor of NEJE and, sadly, his last issue as editor as well. We appreciate his dedicated service as well as those of our reviewers, authors, and production staff. Without their commitment this issue, and the journal, could not endure. We are also grateful to Sacred Heart University for its continued financial support of the journal.

Notes

1. Alyssa Gregory (May 3, 2011). "Three Ways to Increase Your Chances of Success." Retrieved from http://smallbusiness bonfire.com/3-ways-to-increase-your-chances-of-success, May 10, 2011.

2. Grow Smart Biz (n.d.). "The State of Small Business? Good, and Getting Better." Retrieved from http://www.networksolutions.com/smallbusiness/research-library/, May 10, 2011

Sincerely,

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