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### From the Editors

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## From the Editors:

“It was the best of times; it was the worst of times.” This opening line from Charles Dickens’ 1859 classic *A Tale of Two Cities* depicts the plight of the French peasantry demoralized by the French aristocracy in the years leading up to the revolution, [and] the corresponding brutality demonstrated by the revolutionaries toward the former aristocrats in the early years of the revolution (Wikipedia). This may also be a fairly apt description of the state of small business in the United States in early 2011—lean times with a promise of better things to come.

Scott Shanes’ discussion of the state of small business today (<http://smallbiztrends.com/2011/01/is-small-business-prosperity-just-around-the-corner.html>, January 24, 2011) questions this notion that “prosperity is just around the corner” (Herbert Hoover, 1932) in that his research indicates that as much as the press would like to see a recovery, one is not coming anytime soon. Why? Citing research from the National Federation of Independent Business’s (NFIB) December survey of its members and Discover Card’s Small Business Watch (a survey of business owners with less than six people on their payroll), Shanes indicated that planned capital investments and spending on business investments is going to remain low (unchanged from 2009–2010) as small business owners take a cautionary approach to business growth.

So how could this be the best of times if small business growth (the backbone of the U.S. economy) is not in the near future? Small businesses may have to respond to a “no growth” scenario by managing smarter (meaning with more knowledge) in leaner times; more specifically using technology and the Internet to increase operating efficiencies. So posits the work of Kevin Celuch, Anna M. Walz, Carl Saxby, and Craig Ehlen in their article entitled “Understanding SME Intention to Use the Internet for Managing Supplier Information: Normative and Strategic Conceptual Extensions,” the first article in this issue. Their study extends the understanding of SME Internet use by exploring relationships among usefulness and ease-of-use cognitions and intentions to use the Internet for supplier information management. They also examined the influence of behavioral norms and two strategic perspectives—market and learning orientation—on the Internet-related cognitions. Their findings related to the strategic orientations of SMEs paralleled previous small business literature that found strategy impacted technological scanning activities and market orientation, in particular, and drove imitative behavior of successful innovations.

The second article deals with the issue of threshold legitimacy—the ability to be recognized by stakeholders as having a viable business and therefore better able to gather the resources needed to survive and grow. Gregory B. Murphy and Neil Tocher (“Corporate Parents, Initial Legitimacy, and Resource Acquisition in Small and Medium Firms: An Empirical Examination”) studied threshold legitimacy by investigating whether the presence of a corporate parent positively influences SME resource acquisition. Results indicated that SMEs with corporate parents, when compared to like-sized independent SMEs, had higher credit scores, have more complete management teams, used more computers, and were more likely to be on the Internet. These differences were most pronounced for very small firms and diminish as firm size increases. The presence of a corporate parent likely represents a successful navigation of the legitimacy threshold, positively increasing SME resource acquisition.

In the third article “Bootstrapping Techniques and New Venture Emergence,” John T. Perry, Gaylen N. Chandler, Xin Yao, and James A. Wolff pose the question: Are some types of bootstrapping techniques more successful than others? They compared externally oriented and internally oriented techniques with respect to the likelihood of becoming an operational venture as well as cash-increasing and cost-decreasing techniques with respect to becoming operational. They found evidence suggesting that when bootstrapping a new venture, the percentage of cash-increasing and cost-decreasing externally oriented bootstrapping techniques that a venture’s owners use are positive predictors of subsequent positive cash flow (one and two years later) yet internal techniques had little impact on future cash flows.

The next article (“Getting to Green: Niche-driven or Government-led Entrepreneurship and Sustainability in the Wine Industry”) by Lauretta Conklin Frederking is case-based research and examines whether market forces or government intervention would lead to greater growth in a niche market—the “green” wine industry. Using Michael Porter’s (1980) five forces model, Conklin Frederking denotes the differences between niche-driven (State of Oregon) and government-led (British Columbia) green wine industry and demonstrated that the strength of the green niche industry is that innovation coming from cooperation (rather than government imposition) and also evolving from the effort to articulate community values to mainstream market values.

From case-based research we go to teaching cases derived from primary research. In “KaBloom!: Revolution in the Flower Industry” Colette Dumas, Beverly Kahn, Jafar Mana, David Hartstein, and Gina Vega develop a field-based case that has been designed for a graduate-level course in entrepreneurship/innovation. The case describes the successful building of brand recognition for KaBloom’s garden-like shops by implementing a franchise system and adopting a decentralized business model. This

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strategy required managerial changes that resulted in an expensive and top-heavy corporate structure. A 10 and 12 percent franchisees default rate drove the founder to sell the business; he was forced to watch as his creation floundered and, shortly after the acquisition, his formal involvement in KaBloom ended. The owner reacquired the company and reentered the flower business with a vengeance, focusing more on B2B sales than on B2C sales.

The second case is a continuation of a case published in the Fall 2010 issue of NEJE. In “Abandoning Ship at Scandia, Inc.: Parts B & C” (Barry Armandi [deceased], Herbert Sherman, and Adva Dinur), after learning about the deep-sea shipping industry in Part A, we are introduced to Scandia, Inc., a commercial vessel management company located in the New York Metropolitan area, which is part of a family of firms. Part B describes several mishaps that the company and its President Chris Haas have had to deal with including withdrawal of financial support by creditors, extreme variability in profits, and inter-corporate firm conflict. Part C documents, through dialogue, the exit of key personnel within the firm and how management tries to address this issue.

The last item in this issue is a book review by Lori Wagner of *Entrepreneurship in the Creative Industries: An International Perspective*. Addressed to academics, entrepreneurs, support agencies, and policy makers, readers are apprised of the current issues facing the creative industries in the 21st century. The book includes a series of essays that reflect both national and international economic concerns, that investigate both quantitative and qualitative methodologies, and which examine the nature of entrepreneurship across varying industries, economies, and geographies. The editor’s goal is to encourage a healthy reevaluation of what defines the ‘creative industries,’ what kinds of support they will need to maximize their potential within the global economy, and how funders and funded organizations can work together to create new spaces for entrepreneurial energy within various economic and industry settings in a fast-changing digital age.

As always, we are greatly in debt to the expertise and experience of our reviewers, authors, and production staff. Without their commitment this issue, and the journal, could not persevere. We are also grateful to Sacred Heart University for its continued financial support of the journal.

## Reference

Porter, Michael. 1980. *Competitive Strategy Techniques for Analyzing Industries and Competitors*. New York: The Free Press.

Sincerely,

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