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# Strategic and operational planning attitudinal changes and the survival and growth of business start-ups revisited

Strategic and  
operational  
planning

141

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## Management training matters

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### Introduction and hypotheses

The Centre of Small and Medium Businesses (SMEs) of De Vlerick School voor Management (University of Gent – Belgium) has an 11 years long experience in organising management training programmes for starting SME-businessmen or business-owners[1]. Celebrating this decade of educational and counselling activities the need was felt to conduct a follow-up study in order to gain specific information on the survival and growth rate of all alumni-participants, hereafter called “Vlerick”-starters. More important though, a profound comparative study needs to be done on the profile of these starters and a comparable group of “non-Vlerick”-starters (hereafter called “Others”) being aware that the generally assumed impact of management programmes on entrepreneurial, managerial and self-employing attitudes of the first group would clearly disclose inter-group post-start-up profile differences.

Hence the starting-point for this research was the reflection on what kind of influence or contribution the above listed management training programmes have on the life cycle of SME-start-ups. In this context abundant literature and study materials demonstrate the positive effect of participating on management training and individual counselling programmes on the entrepreneurial and managerial attitudes of SME-businessmen (Atherton and Hannon, 1996; Fuller, 1993; Gibb, 1995; Iredale and Cotton, 1995; and many others) Part of the contributors even consider post-experience management training to be an important explanatory element for a higher survival rate and chances for growth (Crant, 1996; Rosa *et al.*, 1996; Van Clouse, 1990). Because training is a form of education in general, over the last two decades institutions of higher learning have experienced an increased demand for courses dealing with entrepreneurship and new venture creation. Universities and other centers for continuous education

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have come up with a variety of course offerings for graduate and under-graduate students, ranging from traditionally structured courses consisting of lectures, venture design projects, case-study writing, and reading to innovative courses developed to address the unique personality characteristics of the trainee. (e.g. Brown, 1990; Gibb and Nelson, 1996). Under the latter heading most of the management programmes of the Centre of SMEs of De Vlerick School voor Management can be categorized. Therefore, SME-businessmen who are motivated to enrol for one or more management training programmes share, gain and test expertise and almost personalised management knowledge which might eventually lead to this higher economical performance. Apart from some typical follow-up questions on what economical level the "Vlerick"-alumni attained, their life cycle and economic and fiscal diversification, causes for their internal decision-making processes and the firm's management processes, especially toward "planning" were studied in depth.

*H1:* Partly due to pre- and post-start-up real-live experience and their motivation or need for management training courses and counselling, "Vlerick"-starters show a different entrepreneurial and managerial profile than their non-trained SME-colleagues. Moreover, specific selection criteria on the willingness to perform formal business planning of certain management programmes makes the already existing inter-group difference even more profound.

In other words, the need for management training is due to a difference in the pre-start-up context and past (involving skills, abilities, and experiences) as well as to the eagerness to work on all such levels. In order to validate hypothesis *H1* check-lists were inserted in the questionnaire for two different places in time: firstly the founder's (pre-)start-up age, family and household, educational level, motivations, and secondly his post-start-up motivations, planning and entrepreneurial and managerial characteristics.

Because the relation between being better informed, trained and experienced and business planning abilities is existent, the least of the expectations therefore is that all Vlerick-alumni would attach a higher importance to the proficiency and systematic attitude of foreseeing future opportunities, options, weaknesses and risks or threats within their day-to-day business-planning activity than their non-trained fellows. (e.g. Covin, 1994; Day, 1992; Kirby, 1990) On the other hand, because of the crucial role of learning about business-planning within most of these management training programmes, the selection of businessmen within the framework of these programmes evidently focuses on the willingness of each candidate to plan his business in a more or less formal manner. (Matthews and Scott, 1995). Hence, one could easily assume that because of this selection parameter all candidates withheld would show a higher business-planning attitude after following the management course.

*H2:* Based on the assumption that management training cycles positively influences the particular management technique of business planning, in general, the "Vlerick"-starters score higher on the operational and

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strategic planning criteria scale (= the general tempo of realisation of the firm, annual gains, turnover, growth of personnel and staffing (HRM), personal salary, etc.) both quantitatively and qualitatively.

As to what Crant (1996) defined as the “proactive entrepreneurial attitude”, which can be explained by certain entrepreneurial intentions (consisting of a variety of individual differing variables) or the entrepreneurial heritage (e.g. gender, education and entrepreneurial parental role modelling), SME-businessmen with a better planning proficiency are likely to have a distinctive entrepreneurial, managerial and self-employing profile from non- or bad-planners[2] (Hornaday, 1990). We also believe that this will be the case for both groups: “Vlerick”-starters and “Others”. Distinction between the well-planning, bad-planning and non-planning entrepreneurial and managerial profile of “Vlerick”-starters and that of “Others” could stem from the accentuation of certain operational and strategic planning attitudes during the management training sessions.

*H3:* Within both the test and control group (well-)planning businessmen differ on certain entrepreneurial and management attitudinal factors. Entrepreneurial and managerial profiles therefore strongly correlate with different planning behaviour which shows great similarities with the typical emphasised aspects of business planning within the framework of “Vlerick”-management training for SME-business-owners. And, to some extent they even determine the planning ability to plan specific items of the business household.

As well as the eagerness to work on their planning skills, experience and management expertise, the need for defining strategy in general and business goal definition in particular not only results these inter-group planning profile differences but can implicitly be linked to growth-to-planning related ratios (e.g. the planning profile versus the annual growth of turnover and employment). Amongst others Olson and Bokor (1995) put following rationale straightforward: (formal[3]) business planning – being one of the major categories of strategy process research – and its content are interrelated concepts when linked to performance. Therefore, because a firm’s performance is influenced by the main effects of strategy process and content as well as their interaction effect, distinctive mixtures of operational and strategic planning patterns for both tested groups will be made even more apparent when the above characteristics are linked to other parameters, i.e. the growth rate of the firm, the creation of other firms, financing methods, etc.

*H4:* “Vlerick”-starters show a higher business growth rate than their non-trained counterparts, due to the inter-group operational and strategic business planning mix and the original and elementary managerial and entrepreneurial attitudinal differences.

Because all firms of the control group were selected from a SME-database all business-owners been referred to, are still in business. Hence, no comparative survival analysis can be done. The research group will therefore focus on the

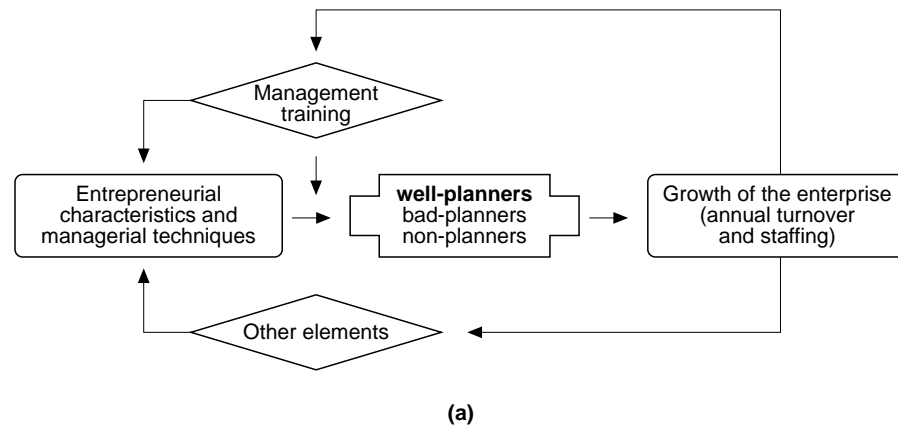
growth rate of all these firms. All of the above hypotheses are summarised in the following Figures 1a and 1b.

## Research method

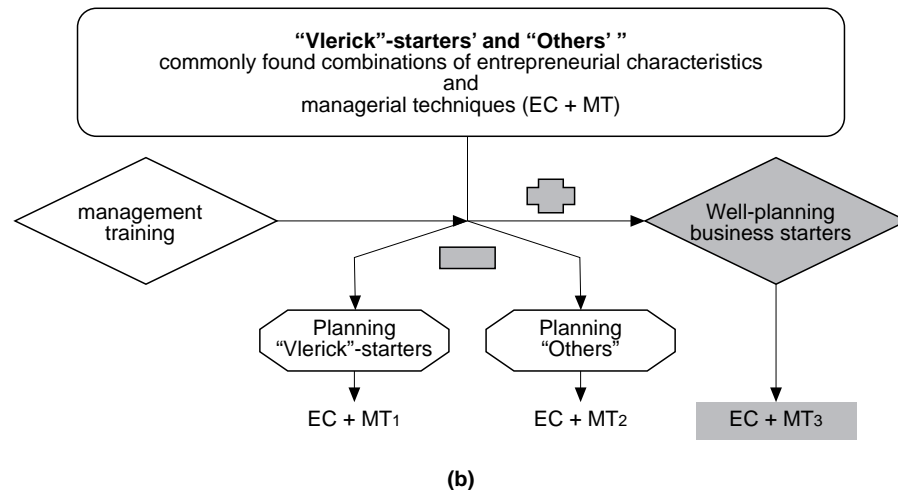
### Unit of analysis

In order to judge correctly all possible differences in company structure, in growth pattern, as well as in entrepreneurial characteristics and managerial techniques for the “Vlerick”-starters (226 alumni in total) a control group database of 2,500 SME business-owners was put together, all of them working in an independent company structure for no longer than ten years.

Through sectoral weighting 1,000 SME-businessmen were selected randomly from this database (= “Others” or the control group). Subsequently, in brief, Dillman’s “Total Design Method” was followed. This technique combines



**Figure 1.**  
(a) Management training as a tool for enhancing operational and strategic business planning; (b) Summary of hypotheses and research questions: whether management training does or does not positively influence entrepreneurial planning skills and attitudes?



data bank research, telephonic interviews, and direct mailing of questionnaires and was chosen on the basis of its generation of very high response rates in past research[4] (Dillman, 1978) The research staff then mailed a personalised questionnaire[5] to all “Vlerick”-starters (= test group) and to all “Others”. Apart from specific questions about the management training at the Department of SMEs, the questionnaire was kept the same for the control group. Out of the 118 completed questionnaires that were sent back by “Vlerick”-starters 114 were usable for statistical analysis (about 49 per cent of the total number of contacted SMEs). Of the control group approximately 11 per cent responded the questionnaire in a usable form. In total only four of all received questionnaires were discarded from further descriptive, comparative and explanatory statistical analysis of all 165 tested variables (using mainly SPSS 7.0 and Statistica 5.0 for Windows '95).

Because both groups peaked at a similar and very reasonable total number of respondents and because all contacted firms originated not longer than 11 years ago, no further contact was sought with any of the remaining non-responding “Vlerick”-starters or “Others”. Moreover, from the response rate and the inter-group sectoral diversity (all economic sectors are represented in both the test and control group more or less according to the national spreading) we concluded that both compounded groups were fairly comparable for further research and statistical difference analysis and that valid samples – one for the total population, the other by random test – were collected.

#### *Questionnaire*

Embedded in the concepts of the guidelines for the exploration of entrepreneurship, entrepreneurial and managerial processes, and new-firm performance by Cooper and Gascon (1992), the questionnaire was divided into three parts.

The first part dealt with the personal history and past and present motivational and economical situation/status of the small business-owner and the evolution in the firm's activities (employment and yearly production). The second part dealt with the importance that businessmen attached to the management training (positive and negative experiences, the practical use and applicability of business-planning, etc.) Part three checked on the businessmen's attitude towards planning and the importance attached to another 28 entrepreneurial and managerial characteristics and techniques; encompassing personal, psychological, managerial and other entrepreneurial issues. Answers were to be formulated by crossing, (nominal and ordinal) scaling, or writing out sentences.

#### **Descriptive statistical analysis: profile differentiation of Flemish small business start-ups**

In sum, within the boundaries of this article clarification of any relation, correlation and causality between business-owners' entrepreneurial, managerial and self-employing attitudes or behaviour, the growth rate of their

firms (including survival rates for the test group only) and the assumed influence of management training in strengthening already existing liaisons is sought. Since the touchstone for the latter two is “the ability to plan” future business properly, planning skills will be tested as the critical growth generating factor.

This part summarises the pre-start-up profile of the starting businessmen of both groups (e.g. age, education, parental role models, pre-start-up experience, and start-up motivation)[6]. Second, Tables I and II indicate the way in which post-start-up planning skills/abilities and entrepreneurial and managerial characteristics (inclusive the motivation to continue) are affected by management training in the post-start-up stage. All variables within these tables whether or not typically operational or strategic were selected

Post start-up	“Vlerick”-starters			“Others”		
	Average planning attitude <sup>a</sup> and ↓ well-planners (1-2) <sup>b</sup> ↓		Not-planners (percentage of total)	Average planning attitude <sup>a</sup> and ↓ well-planners (1-2) <sup>b</sup> ↓		Not-planners (percentage of total)
<i>Planning skills</i>						
<i>Annual turnover*</i> (N = 105 and 110)	2.13	65.09	5.35	2.10	62.72	10.71
<i>Annual gains*</i> (N = 106 and 109)	2.18	59.81	4.46	2.25	53.21	8.04
<i>Personal salary</i> (N = 105 and 110)	2.44	62.96	14.28	2.16	68.80	13.39
<i>Tempo of firm realization**</i> (N = 103 and 106)	2.32	55.76	2.67	2.22	51.88	16.07
<i>Number of employees</i> (N = 108 for both)	2.25	70.64	9.82	2.01	66.07	8.04
<i>New products</i> (N = 105 for both)	2.37	62.26	16.94	1.90	41.96	19.64
<i>Finanacial affairs</i> (N = 107 for both)	2.14	79.62	3.57	2.15	73.21	5.36
<i>Risk control</i> (N = 106 for both)	2.10	85.04	5.35	2.13	72.32	5.36
<i>General success rate</i> (N = 107 for both)	2.05	72.22	1.78	2.05	68.22	3.57
<i>Customer attraction and image</i> (N = 98 and 105)	1.85	88.88	3.57	1.92	80.00	3.57

**Notes:**

<sup>a</sup> Average planning attitude = mean value on a three-point scale (1 = firm results were better than planned; 2 = firm results were as planned; 3 = results were worse than planned)

<sup>b</sup> Well-planning percentages

\* T-test:  $p = 0.000$

\*\* T-test:  $0.05 < p < 0.1$

**Table I.**  
Planning attitudes of  
“Vlerick”-starters  
and “Others”

Item	**	Strategic and operational planning
Analytical bookkeeping	-	
Client oriented	=	
Creativity	=	
(Competition) international market	-	
(Competition)	+	
Conceptual thinking	+++	
Cost accounting	--	
Delegation of decision making	=	
Delegation of tasks	+	
Education	+	
External advice	++	
External board of directors	+	
Financial accounting	=	
Flexibility (long hours)	=	
Flexibility	++	
HRM	---	
Leadership	--	
Management	+	
New product offer (innovation)	=	
Personal	=	
Production process	+	
Rentability	-	
Stock management	---	
Strategy	+	
Sub-	+++	
Team spirit	=	
Time management	-	
Quality production	=	

147

**Table II.**  
Tested entrepreneurial characteristics and managerial techniques (in alphabetical order – 28): “Are the following entrepreneurial and managerial items important in your daily business/”

on grounds of their relevance to the underlying case and because they are often cited as critical success factors for small businesses (Attahir, 1995). Briefly the growth and survival rate of both groups of start-up firms will be analysed.

Where needed,  $T$ -test and/or  $\chi^2$ -test results will indicate the significance of the discrepancies between samples (variables or groupings) and their average scores.

#### *Profile of starting businessmen*

*Age distribution and start-up age.* “Vlerick”-starters are significantly younger than “Others” (= the average Flemish SME). About 70 per cent of the test group is between 21 and 40 years old (58 per cent are in their thirties). Not even 3 per cent of the Vlerick-entrepreneurs is older than 50, which is very little compared with the 23 per cent fraction of all “Others”. An explanation for the on average younger age of the test group population might be the motivation and need to join certain management training programmes dropping at the age of 40 and higher. The fact that the average start-up age is only 30 years[7] can be explained by the fact that at least one important management programme for

starters is exclusively accessible for starting businessmen that are under 35 years old having a business-owning experience of four years at maximum.

*Educational level.* The “Vlerick”-starters population is pro rata significantly higher educated than the control group. Looking only to the highest degree ever took, differences get even more apparent: nearly half of the “Vlerick”-starting businessmen have graduated university (10 per cent even with a post-graduate degree), respectively 25 per cent (6 per cent post-graduate diplomas) for “Others”. Also one-third of the tested alumni has an equivalent degree but outside university, which is still more than “Others” (30 per cent).

*Parental role modelling.* With a 15 per cent gap, the businessmen of the control group (69 per cent) are obviously more likely to originate from entrepreneurial households than “Vlerick”-starters (54 per cent). This could also be concluded from the motivations to start up an independent business (*cf. infra* pre-start-up motivations). As mentioned already, this pre-start-up motivational difference does not unconditionally lead to earlier start-ups within the group of “Others”. Some of the conditions supplementary needed will be illustrated in the following paragraphs. The peer pressure of entrepreneurial parents also link to the chosen start-up form: in total more than 39 per cent of “Others” stated that they took over or inherited their first enterprise, which is double the “Vlerick”-starters’ score. In contrast, more than 40 per cent of all “Vlerick”-starters started a new business on their own (28 per cent for “Others”). Also, “Vlerick”-starters start more often together with one or more partners or institutions. In sum, this variance can be explained by the fact that “Vlerick”-starters more frequently create a new idea in a new configuration using the help, knowledge and expertise of outsiders, whereas “Others” follow the more classic family business start-up pattern.

*In-sector and outer-sector experience before the start-up.* The relation between the duration of sectoral experience and the business growth or well-doing of the firm has been a major subject in academic studies. Although few studies came up with real evidence for a positive (causal) relationship (a.o. collected by Cooper and Gascon, 1992). Both groups are marked by a higher relative share of in-sector over outer-sector experience (> 56 per cent). In total, 10 per cent more “Vlerick”-starters gain a frequently brief working experience (both in- and outside the actual business sectors). For the in-sector pre-start-up experience, in one in five cases this happens to be in a leading function, which is 6 per cent more than “Others”. For outer-sector experience the range between “Vlerick”-starters and “Others” is a lot less (about 2 per cent) and varies around 12 per cent.

The much higher score on leading or managerial pre-start-up experience is most probably due to the longer educational curriculum of the test group and can be explained by the opportunities that highly educated post-graduate students can get in leading functions (often within their field of expertise). It also explains why for “Vlerick”-starters the difference between the experience from not-leading functions in and outside the sector is not that big as for “Others”. For the latter, the combination of poorer education with the entrepreneurial parental role model pushes towards non-leading status inside



the sector one knows the best (this apparently was the case for more than half of all “Others”). Experiencing leadership within a real-live business situation therefore can be captured as a third possible explanation for the higher survival rate of the “Vlerick”-starters.

*Motivations (be)for(e) the start-up.* Start-up motivations will of course be linked to the already discussed age, level of education and entrepreneurial parental peer pressure, in order to complete theories of organisation creation. In those the decision to behave entrepreneurial as a result of the interaction of several factors has been repeatedly underlined: personal characteristics, personal environment, relevant business environment, existing business idea(s) and the personal goal set. Examining why people start business and how they differ from those that do not may therefore be useful in understanding the “motivation” that entrepreneurs exhibit during start up as a link to the sustaining behaviour exhibited later (Kuratko, 1995).

In order to get an overview of the reasons why somebody begins a business activity, a range of 16 pre-start-up motivations were tested. The respondents to the questionnaire had the possibility to mark their preference three times, being the first, second and third choice pre-start-up motivation. Across all three series of answers “the challenge to become an entrepreneur” and “the challenge to become independent” are the number one and two motivations for starting up a small enterprise (> 13 per cent), both within the test and the control group. Disparity commences at the level of the third motivation: ‘the presence of an opportunity’ for the group of “Vlerick”-starters (about 11 per cent first choice and 14 per cent second choice) and “the entrepreneurial parental role model” or the parental peer pressure for “Others” (respectively 13 per cent and 10 per cent). The latter percentages certainly help to explain why almost 69 per cent of all “Others” became independent entrepreneurs (*cf. supra*).

Other significant differences between both groups concern the respectively fourth, fifth and sixth choice: “not longer willing to work for a boss”, and ‘the belief in the quality of one’s product’. Less chosen and therefore less determining motivations for start-up are “a logical consequence of my studies”, “the high participation in this firm”, “unemployment or joblessness”, “family reasons (inheritance, ...)”, “the wish of doing something else”, “liking to work hard”, “to earn lots of money”, “to become rich” and “the personal status”[8].

*Conclusion.* The fact that the average “Vlerick”-starter is younger than the starter of the control group, there is mainly due to its younger start-up age. As seen already, also because of the nature of some of the management programmes for starting businessmen, the Centre for SMEs of De Vlerick School voor Management often gathers young entrepreneurs. In sum, “Vlerick”-alumni can be characterised as highly educated people (twice as many university degrees as compared to the control group), trained inside as much as outside the actual business sector in leading positions. “Vlerick”-starters most frequently were motivated to start a business on their own. On the contrary “Others” were highly stimulated by their parent’s entrepreneurial role model, due to a greater number of “Others” that originate from an entrepreneurial or

family business environment. Also a set of differences in start-up motivations for the group of “Vlerick”-starters was disclosed: the challenge of an opportunity, and in that way the sense for a challenge and a new product, and the ever lasting wish to be independent.

So far, the conclusion to this part of the descriptive analysis might be that “Vlerick”-starters join our management programmes to learn the techniques and ways to meet shortcomings and problem-shootings while working out an own business concept or idea, most of it the “Others” learn while being confronted with the daily “family” businesses. Anyhow, partly due to the start-up motivations, partly due to the pre-start-up experience and expertise (age, education, entrepreneurial household, ...) “Vlerick”-starters indeed show a different pre-start-up entrepreneurial profile, which sustains *H1*. In the following part elements will be searched that also underscore that participating in one or more management training programmes at the “Vlerick”-Centre of SMEs deepens these inter-group post-start-up profile differences in other ways than the above, namely the post-training survival and growth rate of business start-ups.

*Profile of the start-up firm*

*Sectoral spreading and survival analysis.* The absence of alarming discrepancies in the inter-sectoral division of the test and control group reassures that the samples were taken properly. Most of the firms in both groups are active in distribution and retail. More differentiating from the spreading of the Flemish SME business activity, “Vlerick”-starters often do business in textile, wood and paper, transportation and communications (and a smaller part in high-tech). “Others” matches the regional and sectoral partition in the main.

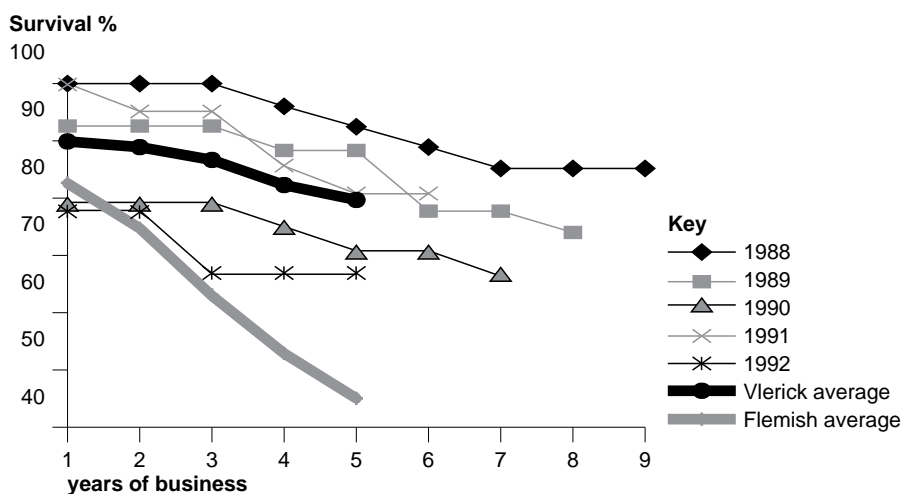
Figure 2 gives an indication of the survival chances of “Vlerick”-alumni. For all “Vlerick”-starters the start-up date and date of stoppage could be recovered. From these calculations over several years, the mean values for a group of surviving enterprises over the organisation of management training courses within this same period was calculated. Hence, the percentage of the surviving firms after one, three and five years was calculated. Regional statistics (for Flanders) indicate that after five years more than 55 per cent of all starters stop (either due to bankruptcies (negative rentability), or because of a take-over (positive rentability) of the business. This is the case for 20 per cent only of all “Vlerick”-starters. Moreover, the SME-department also enrolls individuals that consider to start up a firm but after following the courses have not. These people might be discouraged to do so by the end of the programme but are nevertheless included in the above statistics. Therefore, the reader should not oversimplify the full 20 per cent as a stoppage of business activities in the way as it was described for “Others”.

After one, three and five years, respectively 90, 87 and – as already mentioned – 80 per cent of all “Vlerick”-starters are still active. Remarkably, “Vlerick”-starters from before 1989 are in 85 per cent of the cases “survivors in the long run”. This could be due to the originality of management training programmes at the “Vlerick”-Centre for SMEs in those days, since there were no comparable

alternatives at the time of starting the programme and participants were admitted on the basis of criteria such as personality, motivational and activity grounds. Nowadays, however, competition within the field of management training and counselling for start-ups is heavier than ever before and erodes our department's unique market position more and more forcing us to undertake innovative steps concerning the course layout, content, selection of participants, etc. Other valid explanations for the higher survival rate include *inter alia* the high educational level, though more likely the function and duties fulfilled by the "Vlerick"-starters both inside and outside the eventual business sector (*cf. supra*).

Furthermore, Tables IIIa and IIIb show the growth tempo of annual turnover and staffing for both groups. Despite the resemblance of the steepness of the slopes for both graphics in Table IIIb the inter-group differences are obvious, the "Vlerick"-starters survival ratio being much higher than the average survival rate for the Flemish industry and commerce. Also calculations via incremental growth ratios (= annual growth of personnel productivity) for both groups show that "Vlerick"-starters grow faster. This can be explained by the fact that they start at a smaller scale (probably due to the lesser entrepreneurial parental peer pressure (*cfr. supra*)) and by the linearity of their growth pace.

*Growth rate analysis* For 77 to 85 per cent of the cases of both groups (see the number of missing cases in Table IIIa) numbers for the annual staffing and turnover display a significant difference. Start-ups of the control group have more personnel and staff members than their "Vlerick"-trained colleagues at the moment of start-up. This difference decreases however during the post-start-up years and becomes insignificant after 1994. This is mainly due to an intense catch-up movement by the "Vlerick"-starters (*cf. Table IIIb Box and Whisker plot: the steepness of the business-growth slope*). In general, "Others" have a



Source: Tom Schamp and Anne-Marie Vandenbroucke. 1997.

**Figure 2.**  
Survival rate of  
"Vlerick"-start-ups  
compared with the  
Flemish average (in  
number of years after  
the start-up) for the five  
oldest start-ups and the  
average for all

	"Vlerick"-starters	"Others"
<i>Average staffing*</i>	4.70	6.95
During 1987	1.10	3.95
1990	2.23	4.96
1993	3.15	6.73
1994	3.79	7.54
1995	4.64	8.15
1996	6.40	8.87
<i>Average production**</i>	24.49	41.20
0-14.99 <sup>a</sup>	41.96	33.04
15-29.99	13.39	9.82
30-44.99	6.25	13.39
45-59.99	5.35	10.71
60-74.99	3.57	2.68
75-89.99	2.67	1.79
> 90	3.56	9.82
<i>Annual staffing growth***</i>	7.69	5.15
-5-0 <sup>b</sup>	0.87	4.50
0-5	44.73	45.94
5-10	14.91	17.11
10-15	7.01	4.50
≥ 15	8.80	6.33
Missing cases	23.68	21.62
<i>Annual turnover growth****</i>	6.56	2.19
-5-0 <sup>b</sup>	2.63	8.92
0-5	57.01	70.53
5-10	10.52	0.89
10-15	3.50	1.78
≥ 15	6.17	2.71
Missing cases	20.17	15.17

**Notes:**

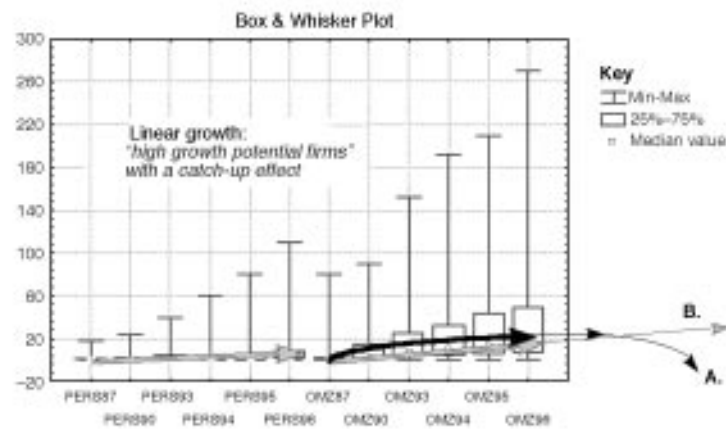
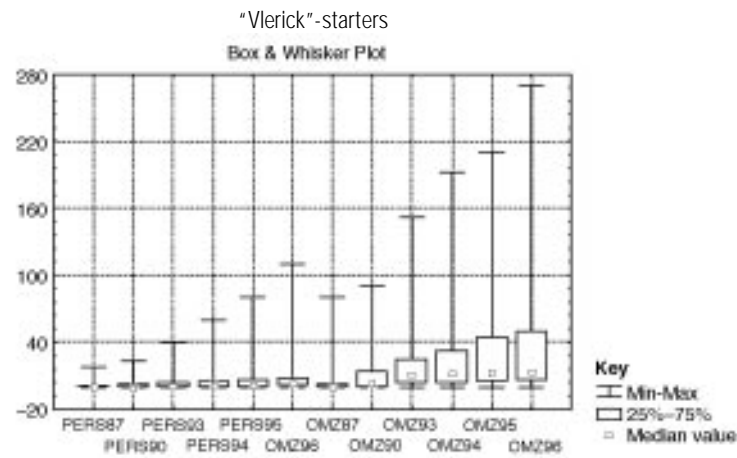
Numbers in italics = mean value (in absolute numbers)

<sup>a</sup> In million Belgian Francs (BEF)<sup>b</sup> In percentages\* *T*-test:  $p < 0.05$ \*\* *T*-test:  $p < 0.005$ \*\*\* *T*-test:  $p < 0.21$ \*\*\*\* *T*-test:  $p < 0.015$ 

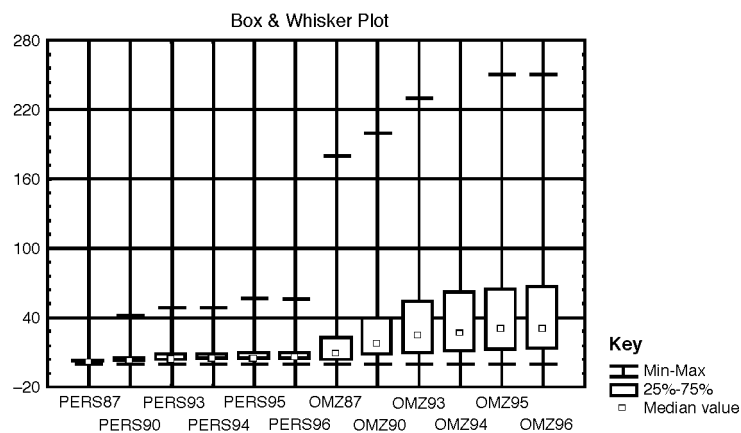
**Table IIIa.**  
Annual personnel and  
total production  
growth rates (in  
percentages of total  
counts)

higher average annual production volume. But, here too "Vlerick"-starters show a considerably higher yearly turnover growth rate (cf. Table IIIa). Therefore, it can be concluded that "Vlerick"-starters grow faster both in terms of annual turnover and staffing (cf. ">").

In other words, as well as "Vlerick"-starters distinguish themselves before the start-up, evidence for a sharpening inter-group profile difference has occurred by ways of growth and survival analysis. *In globo*, this underscores *H1* and the first part of *H4*, sustaining *a priori* assumed inter-group post-start-up differences. Furthermore, the explanatory statistical analysis (see further)



"Others"



**Table IIIb.**  
Box and Whisker plots  
for annual growth in  
turnover and staffing  
(growth rate in absolute  
numbers)

will give us proof that there is indeed a link between the annual growth pattern of personnel or turnover and certain entrepreneurial and managerial behavioural aspects.

*Present motivations.* Once started a business, it is very important to know what drives an entrepreneur to keep going, these reasons most of the time called "mission" or "goals"? Also interesting to know is what would be changed if one could start all over again? Therefore, this part covers the inter-group satisfaction rate differences and present motivations.

The most occurring ambition to continue the present business activities for all respondents is "to make one's firm as profitable as possible" (47 per cent of the "Vlerick"-starters and 54 per cent of "Others"). "Vlerick"-starters merely want "to grow in a more controlled manner" (38 per cent), and "to build out a firm with a high marketing value (selling price)" (7 per cent). For "Others" third in rank scores "to survive in the market" (10 per cent). "To grow as much as possible" and "to survive in employment" are not really the case for continuance for either group. Since most of the firms are still existent and growing, not surprisingly about 90 per cent of all interviewed small business-owners replied positively towards a re-start-up scenario.

Laying out the reasons why one certainly would not want to start up again, there are no meaningful differences between both groups: "financial" and "personal" reasons were the most quoted. This particular item thus gives no evidence for any post-start-up differences which would accentuate the pre-start-up discrepancies. The positive attitude towards taking the decision to become an independent entrepreneur (= the number one pre-start-up motivation) again can be interpreted as such that both the test and control group contain mostly surviving firms, the leadership of which is most probably not too dissatisfied with its own business performance, keeping in mind the extremely low survival index of start-ups in the whole of the Flanders region.

*Operational and strategic planning* From the literature it may be concluded that there is an essential relation between the independent variable "business planning (attitude)" and the dependent variable "business growth (performance)" and that planners out-perform non-planners. Recent reviews, however, also have pointed to certain gaps in our knowledge of planning/performance relationships, caused by:

- the standards used to define small businesses and to assess formal planning;

**Table IIIc.**  
Turnover versus  
staffing growth  
correlation matrix

	Growth staffing/personnel	
	"Vlerick"-starters	"Others"
Growth turnover	0.84*	-0.16
<b>Note:</b> * Significant correlation ( $p < 0.05$ )		

- the seldom relevant time periods during which it is measured; and
- the lack of organisational and contextual background information (Lyles *et al.*, 1993; Shrader *et al.*, 1989)[9].

The pre- and post-start-up examination of both groups over a period of ten years of business performance fill some of these gaps (*cf. supra*).

Past efforts to determine the effect of the planning process on firm performance mainly concentrated on dividing firms into those with formal planning systems and those without and related these to measures of financial, sales, turnover, etc. performance. Hence assuming that formal planners will exceed in growth of the firm that of non-formal planners. Because of the importance of formal business planning – making it a persistent element of management – was stressed continuously during “Vlerick”-management training, both groups of business-owners were tested here on ten operational and/or strategic planning criteria, in order to find out about the relationship between business planning behaviour and the growth structure of the firm. This counts for both the quantitative aspect (no formal planning versus a (quasi) complete formal planning[10]) and the qualitative or the planning content aspect (planned badly, as expected and better than planned for) as well as for the relation to their respective business growth patterns was depicted over the last ten years. Nevertheless this time factor, planning within the framework of this research only implicitly concerns an objective and subjective uncertainty[11]. Business planning might therefore be more likely defined as a proxy for a number of organisational activities, periodic strategic management tools and characteristics such as managerial competence, managerial involvement, leadership style, and employee commitment.

For the purpose of this paper short-term operational (e.g. finances, employment, market ...) as well as (mid-)long-term strategic planning (innovation/new products, general success rate of the firm, tempo of realisation ...) are tested in their effect on the growth rate of the enterprise and the underlying bond with one or more entrepreneurial characteristics or management techniques. Because it is contended that strategic planning is not practised commonly by SMEs because they do not have the time nor the funding or the personnel to engage in strategic planning[12], and – different from operational planning – that it is difficult to identify strategic planning versus performance correlations, categorisation between operational (short-term day-to-day functional area problems, – *cf.* Table I: printed in italics) and strategic (long-range) planning will be made when examining the planning attitude versus business growth pattern relationship.

Question sets as were described by Lyles *et al.* (1993) formed the basis to set out a four-dimensional ordinal planning formality and content scale (e.g. 1 = the performance was better than planned; 2 = the performance was as planned; 3 = the performance was worse than planned; 4 = the performance was not-planned). Owing to the small number of firms reporting that the performance

was better than planned, the three qualitative planning categories were dichotomised into:

- (1) performance better or equal as planned; and
- (2) performance worse than planned.

Leftover are non-planners, but they will not be further discussed within the scope of this paper. Although most of the ten items are planned, “personal salary” and “(innovation) new products” are not so intensely planned. The high importance of planning “innovation/new products” to the group of planning businessmen within both groups for their growth of annual turnover and employment/staffing will be observed in the next part. Furthermore, a clear inter-group distinction can be marked for not-planning “the tempo of the firm realisation”, being another strategic planning item. More than 16 per cent of “Others” do not plan this item (eight times the number of the test group). This does not, however, relate to the qualitative aspect of planning. Even though planned to a lesser ratio, “Others” plan “the tempo of business realisation” better. The relative insignificance however of this planning attitude in relation with business growth will however be demonstrated in the next part.

Concluding the quantitative part of this description of inter-group planning differences, about twice as many “Others” state that they do not plan their “annual turnover” or their “annual gains”. Other levels of planning score similarly for both groups. The next part will show, however, that planning “annual gains” is significantly correlated with the growth of the firm for both groups. All in all, “Vlerick”-starters plan a lot more than “Others”, especially on “annual turnover”\*, “annual gains”\*, “tempo of realisation of the firm”, “innovation/new products”\*, “financial affairs”\*, and “the general rate of success”\*. As the reader will find out the enterprise’s growth in turnover for “Vlerick”-starters (see Table IVa) is for 97 per cent owing to a combination/set of the five planning attitudes marked above with asterisk. Thus far, the conclusion can be made that “Vlerick”-starters plan in order to accelerate their business growth. Although, one should mitigate this amazing finding because only 22 per cent of all “Vlerick”-starters simultaneously plan on all ten parameters (20.5 per cent for “Others”).

“Vlerick”-starters also plan qualitatively better. The second column of Table I shows the percentages of well-planning for each item. Again there is a significant difference between values for both groups. Only “personal salary” is planned better by the small business-owners of the control group. At last, both groups are very eager to plan the “customers’ attraction and the firm’s image” correctly. Although, as the reader will find out in the next part planning this item has, however, a substantial restraining influence on the enterprise growth pattern of enterprises for both groups. In sum, more “Vlerick”-starters score higher on the quantitative (for 70 per cent of the planning items) and the qualitative element (for 90 per cent). As already observed, less planned parameters are: “innovation/new products” and the “personal salary”. The tendency no to plan “personal salary” can be related to specific Belgian fiscal



regulations, and can be understood better when referring to start-up motivations, the top-seven of which does not include “to gain lots of money” or “to become rich”.

Because there is a significant difference in the planning attitude between the two groups, more evidence has been found for *H1*. Outcomes of above cited studies established the general belief that management training positively influences the particular management technique of business planning (*cf. H2*). In how far this relation is causal will be checked through a list of 28 planning-related entrepreneurial and managerial characteristics and techniques (*cf. Table II*). In this way the reader will discover that planning (in its ten dimensions) in itself is strongly influenced indeed by certain (mixtures of) entrepreneurial and managerial attitudes. But, most important, results for this research question reveal that management training “on its own” does not have that much explanatory value neither to any (positive or negative) planning attitude nor to any dimension that has been assumed. Only in combination with other entrepreneurial and managerial attitudinal factors significance was detected.

*Entrepreneurial and managerial characteristics.* Significant discrimination between both groups was found for the following variables (*cf. Table II*): “conceptual and rational thinking”, “subcontracting”, “human resources management”, and “stock management”. “Vlerick”-starters (++++) and “Others” (—) score significantly higher on respectively the first and the latter two. Why “Vlerick”-starters have a higher average score on “conceptual thinking” can be explained by both their higher level of education (less practical and more conceptual-theoretical) and by their willingness to start a business from scratch, from an own and mostly new idea that needs to be implemented. But, more importantly for this group, through correlation and regression analysis evidence has been found for the direct and predictive or causal relation between conceptual thinking and the well-planning behaviour leading to business growth.

On their turn, Daily and Dalton (1992) found evidence for the crucial role that players other than the founder/business-owner can play in transition stages of small, growing companies. The high score for “subcontracting” can therefore be theorised by the number of firms that work together with freelancers: this number is equally higher for “Vlerick”-starters, namely 49,4 per cent against 35,5 per cent for “Others”. Moreover, on average, “Vlerick”-starters employ double as many freelancers than “Others”. Because of the contact with other participants, professors, and non-academic lecturers during and in the aftermath of the management training course, “Vlerick”-starters are presumably more efficient in keeping the resulting alumni-network alive and organised. Although, according to Daily and Dalton the highlighted contribution of outsiders to the firm’s performance too can explain the overall steeper growth rate of the test group enterprises, this relationship has not been sustained by regression analysis. As argued before, because of the level of familiarity of the control group, it is more likely that these firms try to overcome extremely busy times with the help of family members and in a lesser extent with freelancers.

Smaller differences were noted for the items “leadership”, and “cost accounting”, scoring higher for “Others” and for “flexibility (low salary)” and “external advise”, having a higher rate for the “Vlerick”-starters. Once again these patterns underpin the idea that “Vlerick”-starters try to concentrate on how to integrate a vision into the firm’s life with outside help and through the implementation by a third party. Of these significantly differing entrepreneurial and managerial variables, in combination with “conceptual thinking”, “external advise” and “delegation of tasks” are the strongest fundamentals of all kinds of planning attitudinal combinations of “Vlerick”-starters that help to increase the firm’s turnover performance and growth in staffing (= well-planning). In contrast to the exposed relation between combinations of entrepreneurial and managerial attitudes, planning attitudes and growth of the firm, in the case of “Others” hardly any of the significantly distinguishing entrepreneurial or managerial qualifications can be tied to business growth insuring planning attitudes. This aspect will be examined in large in the following section.

*Conclusion.* The bottom-line for businessmen of both groups is to ensure the continuity inside the firm in most cases in an as much as possible profitable way. How this continuity gets established depends on personal traits, the goal-setting and business planning attitude of the business-owner. Both “Vlerick”-starters and “Others” want “to grow in a controlled manner”. Apart from the bigger fraction of “Vlerick”-starters that want “to build out the firm’s marketing value”, no significant differences exist between both groups. On average, about 85 per cent of all respondents (both “Vlerick” and “Others”) would start all over again, if one could turn back the clock. This indicates that the major share of the surveyed small business-owners are satisfied by their present economical achievement and business career.

Because one main effort at the end of management training programmes for starting SMEs is paid for the preparation of a business-plan the act of normalisation by writing one is an important touchstone of the ability and proficiency of planning “realisation of the firm”. This element might partly explains why “Vlerick”-starters try to plan their “annual turnover” and “annual gains” far more and better than “Others”. Regression analysis cleared out that those two elements have a meaningful impact of the well-doing or growth of the business household, more exactly in both group’s cases. In spite of the fact that “Others” plan their “tempo of firm realisation” better, overall “Vlerick”-starters are superior in both the quantitative and qualitative facet of operational planning. Moreover, “Vlerick”-starters plan far more strategically (*cf.* “general rate of success”, “innovation/new products”, “tempo of realisation of the firm”). If planned well and if this strategic planning attitude emanates from a conceptual way of working it will exercise a positive influence on the small enterprise growth. “Innovation/new products” – likely generating company growth for “Others” when planned effectively or not – and “personal salary” are the least planned items for both the test and control group, although not at all negligible for this research.

Last but not least, the following conclusion can be made from the inter-group entrepreneurial and managerial profile differences: although no significant differences could be noted for about half of the tested entrepreneurial characteristics and managerial techniques, the remaining contrasts nevertheless match the second element of *H1*, saying that there is a remarkable inter-group profile variance been sharpened by management training. There is, however, no manifest indication that one by one these differentiating entrepreneurial and managerial variables a priori determine a profitable or non-profitable business-planning attitude. Certain entrepreneurial and managerial attitude combinations however have a relative high predictive value towards planning behaviour and the resulting firm growth pattern. In this they contribute to the search for hard evidence for the second part of *H3*. All in all, at this stage by way of descriptive statistical analysis watertight evidence has been given for the inter-group back-ground differences before the start-up, and the perpetuation of entrepreneurial and managerial profile splitting after the start-up.

#### **Explanatory statistical analysis: does management training make any difference?**

In order to learn about (causal) relationships between management training, environment, entrepreneurial and managerial (or personal) characteristics, planning attitudes and the economical profit for the enterprise the reader should keep the above schema in mind.

In this part arguments in favour of, or against the fact that “Vlerick”-starters show a higher growth rate because of their specific planning mix and elementary entrepreneurial and managerial attitudinal profile (*cf. H4*) will be searched for. Therefore, first the relationship between the well-planning attitude and enterprise growth will be examined. Second, resulting positive correlations and regression predictive relationships will be looked on from the perspective of the relationship with possible underlying causes, i.e. entrepreneurial and managerial characteristics (see *H3*).

#### *How to foster the enterprise growth rate successfully?*

The principal issue at this stage is to determine what entrepreneurial and managerial attitudes generate what kind of operational and/or strategic planning attitudes, these – on their turn – considerably predicting business growth or loss (=  $EC+MT_3$ )? As the reader goes from the right (economic growth of the enterprise) to the left end of Figure 1b to find out about causal linkages, first the planning versus enterprise growth (being the sole variable that really gives objective and unbiased information) relation will be tested. One way to investigate any causal relation is by exercising correlations resulting in a selection of a pool of positively correlating entrepreneurial and managerial variables and regression analysis for all well-planning businessmen experiencing a positive average growth over the examined period.

In the case of “Others” regression analysis in some cases (within the group of well-planners) does not have enough variance. Therefore, for “Others” well-planning categories were fragmented. The associated Tables IVa and IVb learn that strategic planning (i.e. “innovation/new products” – being more and better planned by “Vlerick”-starters) positively correlates with the enterprise growth structure for the two groups, whereas operational planning efforts such as “annual gains” when planned properly – this is above all expectations – catalyses economic benefits for both annual turnover and staffing. Planning the ‘annual turnover’ predicts future business growth when correctly planned by “Vlerick”-starters and planned no matter how efficiently by “Others”. The immediate conclusion from these data of might be that for both groups the planning of “innovation/new products” and “annual gains” are highly determining for the growth of the firm. Notwithstanding the extremely high analogy of the planning attitude versus enterprise growth (i.e. “innovation” for all planning categories and “annual gains” for all well-planners (= master-planners)) for the control group, in the case of well-planners of “Others” planning “annual gains” helps the enterprise grow as well as underrating the planning of “number of personnel/staffing”, “personal salary” and “financial affairs”.

In the case of “Vlerick”-starters both “innovation/new products” and “annual gains” planning attitudes (being a combination of strategic and operational planning) are an important piece fitting the planning versus growth puzzle for “Vlerick”-starters. So, whether planned properly or not the planning of “innovation/new products” has a positive impact on the increase of the annual turnover and number of employees of both groups. As already argued in the previous section planning more frequently and better the “general success rate”, “annual turnover”, and “risk control” has a high predictive value towards the increase of the annual turnover for “Vlerick”-master-planners. For “Vlerick”-starters the post-training planning of “risk control” and “annual turnover” also positively relate to the yearly growth of staffing. Thus, in addition to the descriptive planning results regression analysis sheds light upon those planning attitudes that are significantly more and better planned by “Vlerick”-starters and at the same time increase chances for business growth.

When skimming over the growth-constraining planning factors both group’s business-owners should not bother too much about planning the “customer’s attraction and public image” or “number of employees” properly, if yet planned at all. These findings do not match Shrader *et al.*’s conclusion (1989) saying that market planning has been revealed to be very important with respect to the performance of small firms[13]. Despite their relative big declarative and predictable strength within the pool of pre-selected planning attitudes, in this study adjusted  $R^2$  results for both planning attitudes however merciless indicate to their relatively strong, restraining and counter-productive influence on the business growth. Stranding on these preliminary conclusions and hence advocating that certain business items should not be planned would of course be a major mistake. From the regression output one can therefore certify that

Growth/ well-planning "Vlerick" (N = 11)	adj. R <sup>2</sup> Beta	T		adj. R <sup>2</sup> Beta	T		adj. R <sup>2</sup> Beta	T	
		F	F		F	F		F	F
Growth in annual turnover									
Customer's attraction and public image	0.29 -0.61**	-2.27 5.51							
General rate of success	- 1.09*		3.11 10.9	0.66 -4.59**					
Annual gains	- 0.64***			- 0.66***	0.94 -0.51**	2.38 57.7			
Financial affairs	- 0.19*			- 0.67***	- 0.77***		0.97 -1.70***	-13.45 82.38	T F
(or) Risk control	- 0.17**			- 0.67***	- 0.55***		0.97 -1.52***	-15.37 82.38	T F
Growth in annual staffing									
Personal salary	0.18 -0.52	-1.82 3.31							
Financial affairs	- -0.42		-1.52 3.06	0.29 -0.42					
Risk control	- 1.43***			- -1.7***	0.86 0.198***	1.23 21.86			
Annual turnover	- 0.30			- 1.36***	- -1.7***		0.92 0.37***	2.78 32.70	T F
(Continued)									

Strategic and  
operational  
planning

**Table IVa.**  
Growth versus  
planning regression  
matrix for  
well-planning  
"Vlerick"-starters  
and "Others"  
(master-planners  
only)

Table IVa.

Growth/ planning "Others" (N = 137 <sup>a</sup> )	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F
Growth in annual turnover						
Customer's attraction and public image	0.03 -0.20**	-2.47 6.10				
Annual gains	-		0.04 -0.20**	-2.33 4.20		
Financial affairs	- -0.19**		- 0.19**		0.07 -0.19***	-2.32 4.42***
Growth in annual staffing						
Number of employees	-0.02 -0.19**	-2.22 4.93				
Annual gains	- 0.16		0.04 -0.19**	-2.21 4.34**		
Personal salary	- -0.15*		- 0.20**		0.06 -0.17***	-2.00 3.98

**Notes:**

<sup>a</sup> Too less valid cases were found for the well-planning attitude on all ten planning criteria by "Others"; hence this grouping variable was fragmented (or-or instead of and-and)

\* 0.1 > p > 0.05

\*\* 0.01 > p > 0.05

\*\*\* p < 0.01

(Continued)

Growth/ planning "Vlerick" (N = 38)	adj. R <sup>2</sup> Beta		T F		adj. R <sup>2</sup> Beta		T F		adj. R <sup>2</sup> Beta		T F	
Growth in annual turnover	0.10		-2.26									
Number of employees	-0.35**		5.13									
Annual gains	-				0.18		-2.98					
	0.34**		-0.47***		5.20							
Customer's attraction and public image	-				0.24		-2.40					
	-0.31*		0.39		-0.38***		5.07					
Innovation/new products	-				-				0.29		-2.66	
	0.27*		-0.39		0.37				-0.41***		4.90	
Growth/ planning "Others" (N = 38)												
Growth in annual turnover												
Innovation/new products												
Customer's attraction and public image												
Annual turnover												

Growth/ planning "Others" (N = 38	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F
Growth in annual staffing						
Innovation/new products	0.34 0.60***	-2.43 17.85				
Realisation tempo	- -0.30**		0.41 0.67***	-0.61 12.4		
Annual gains	- 0.33**		- -0.36***		0.51 0.70***	-2.11 12.2
<b>Notes:</b>						
*	0.1 > p > 0.05					
**	0.01 > p > 0.05					
****	p < 0.05					



because of their relevance and relative causal significance towards the enterprise growth, slowing down the latter planning efforts and at the mean time spending more energy on planning properly related planning items could be beneficial to the industrial growth of the firm, hence creating “sets” of operational and strategic business-planning items.

*Conclusion.* Nearly all sampled enterprises have been growing both in annual turnover and staffing during the post-start-up period (see Table IIIa). There is one important difference though: the growth speed or annual growth rate of the firm. It has become clear that the growth speed of “Vlerick”-starters is higher than that of “Others”. In relation to the outcome of the descriptive analysis, intuitively arguments to explain any inter-group discrepancy related to the above schematised planning profiles were given. These might help to uncover the tight relationship between management training and business growth. Table IIIc shows that the correlation between the growth pattern for the annual turnover and staffing is significantly positive for “Vlerick”-starters (0.84\*), while the correlation is negative for “Others”. Many authors argue, therefore, that raising employment is due to new venture creation and does not stem that much from the annual turnover growth produced by growing firms (= growth firms)[14]. This information perfectly matches the information of Tables IVa and IVb underpinning the heavy homogeneous and resembling (well-)planning “Vlerick”-profile for annual turnover and staffing.

Altogether, there are unmistakable indications of certain positive planning versus business growth interdependencies for both groups. In support of the first element of *H4* these interdependencies are marked by significant inter-group differences in the pools or clusters of growth-generating planning attitudes and has been summarised in the underneath Table V. In the following part the reader will learn about the fundamental entrepreneurial and managerial characteristics and profiles that relate the above-illustrated planning profiles.

*Entrepreneurial characteristics and managerial techniques versus operational and strategic planning: is management training a linking factor?*

Quantitative and qualitative planning information not only provides insight in inter-group planning profiles but should implicitly be linked to business performance-related ratios (e.g. the planning profile versus the annual growth of turnover and employment); hence we have explained in the previous part how operational and strategic planning can be translated into economical performance and growth. Previous findings and research results suggest that any significant entrepreneurial or managerial parameter can be used to enhance the strategic planning and hence the performance of SMEs (Ballantine *et al.*, 1992) Again due to the small number of firms reporting that the performance was better than planned, the three qualitative planning categories were dichotomised into:

- (1) performance better or equal as planned; and
- (2) performance worse than planned.

**Table V.**  
Business growth  
increasing planning  
components for both  
groups (+ influence)

	Well-planning of	Planning of
<i>"Vlerick"</i>		
Growth	General rate of success	
Annual turnover	Annual gains	
➔ Due to a set of	Risk control	Annual gains
➔ Due to a set of		Innovation/new products
<i>"Others"</i>		
Growth	Annual turnover	
Annual staffing		
Growth		Annual turnover
Annual turnover		
➔ Due to a set of	Annual gains	Annual gains
➔ Due to a set of		Innovation/new products
Growth		
Annual staffing		

Through correlation and multiple regression analysis at a 5 per cent level of significance the explanatory value and causality between (sets of) entrepreneurial or managerial characteristics (independent grouping variable) and the dependent pool of (well-)planning attitudes will be examined, pre-selecting only these planning attitudes that positively influence business growth and out-selecting all restraining ones ((<sup>a</sup>) for "Vlerick"-starters (\*) for "Others"). From triple correlations for all 28 independent entrepreneurial and managerial variables and all ten dependent operational and strategic planning variables (labelled 1 to 0) a correlation matrix resulted containing the analysis for well-planning businessmen (cf. Spearman  $R$ :  $R > 0.30$ ) as well as for the general planning attitude (Spearman  $R$ :  $0.10 < R < 0.30$ )[15].

In the case of "Vlerick"-starters, relative to this pre-selected pool of entrepreneurial and managerial characteristics which are positively correlating with all five business growth predicting planning attitudinal elements, regression analysis indicates in how far the growth augmenting planning attitudes are caused by what entrepreneurial and/or managerial qualifications. For both groups the entrepreneurial characteristics (EC) and managerial techniques (MT) are summarised in the Figure 3 (= EC + MT<sup>3</sup>).

Through regression analysis the well-planning scenarios for "annual turnover", "annual gains", "innovation/new products", and "risk control" for "Vlerick"-starters are caused for a rather indicative percentage (in-between 1.7 and 7.7 per cent) by different groups of entrepreneurial and managerial attitudes consisting out of "time management", "client orientation", "conceptual thinking" and "personal ambition". These elements are to be considered positively influencing the growth generating planning behaviour. Apart from "external advise" and "delegation of tasks" all other significantly correlating entrepreneurial and managerial characteristics have a positive effect on the planning behaviour. Table VIa indicates that master-planning "Vlerick"-starters plan predominantly strategically, the most when it comes to planning

							Strategic and operational planning
Planning EC + MT <sup>a</sup> "Vlerick" (N = 135)	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F	
<i>Planning annual turnover (well-planning)</i>							<b>167</b>
Time management	0.025 0.13**	2.13 4.56					
External advise	– –0.17*		0.041 0.17**	2.28 3.89			
<i>Planning annual gains (well-planning)</i>							
Time management	0.025 0.18	2.13 4.56**					
Conceptual thinking	– 0.13		0.035 0.14**	1.62 3.45			
Personal ambition	– 0.10		– 0.12		0.038 0.14**	1.56 2.76	
<i>Planning risk control (well-planning)</i>							
Personal ambition	0.017 0.155	1.94 3.76*					
Conceptual thinking	– –0.10		0.022 0.162	2.02 2.74*			
Client oriented	– 0.126		– –0.11		0.031 0.134	1.64 2.64	
<i>Planning innovation/ new products</i>							
Delegation of tasks	0.027 –0.17	–2.15 4.79**					
Personal ambition	– –0.14*		–0.36 –0.17	–2.20 3.90**			
<i>Planning general rate of success (well-planning)</i>			No significant regression				<b>Table VIa.</b> Entrepreneurial and managerial characteristics versus (well-)planning regression matrix for ("Vlerick"-starters)
<b>Notes:</b>							
<sup>a</sup> EC + MT = entrepreneurial characteristics and managerial techniques (or-or-or)							
* 0.1 > p > 0.05							
** 0.01 > p > 0.05							
*** p < 0.01							

correctly the annual growth of turnover. Remarkably, however, two out of the four planning attitudes that correlate significantly positive with the pre-selected entrepreneurial and managerial characteristics are of the operational kind. Moreover, not regressing with any of entrepreneurial and managerial profile constituents for "Vlerick"-starters is the planning of the "general rate of success". Because of the dualistic declarative value of "personal ambition" and "conceptual thinking" for both strategic and operational planning one may

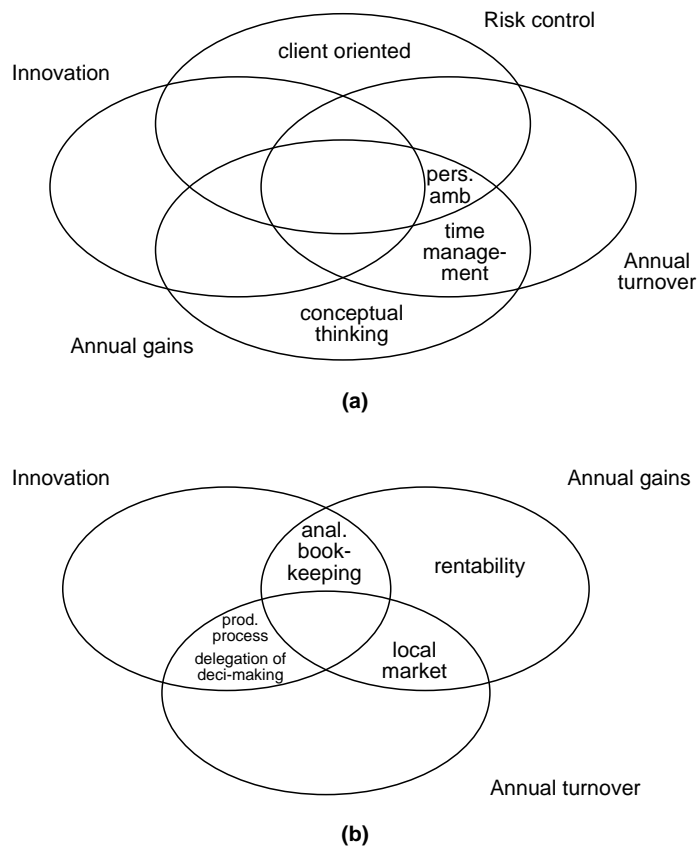
**Table VIIb.**  
Entrepreneurial and  
managerial  
characteristics versus  
(well-)planning  
regression matrix for  
("Others")

Planning EC + MT <sup>a</sup> "Others" (N = 51)	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F	adj. R <sup>2</sup> Beta	T F
<i>Planning innovation/ new products</i>						
<i>Analytic bookkeeping</i>	0.056 0.27	1.99 3.99*				
<i>Delegation of decision making</i>	– –0.29**		0.119 0.34	2.49 4.39**		
<i>Production process</i>	– 0.27*		– –0.39***		0.169 0.40	2.98 4.40***
<i>Planning annual turnover</i>						
<i>Local market competition</i>	0.045 0.25	1.83 3.36*				
<i>Delegation of decision making</i>	– 0.25		0.070 0.20	1.89 2.88*		
<i>Production process</i>	– –0.23		– 0.20		0.100 0.27	1.98 2.88*
<i>Planning annual gains (well-planning)</i>						
<i>Analytic bookkeeping</i>	0.128 0.38	2.88 8.35***				
<i>Local market competition</i>	– 0.22		0.159 0.42	3.19 5.73***		
<i>Rentability</i>	– 0.21		– 0.21		0.187 0.40	3.09 4.84***

**Notes:**  
<sup>a</sup> EC + MT = entrepreneurial characteristics and managerial techniques (and-and-and)  
 \* 0.1 > p > 0.05  
 \*\* 0.01 > p > 0.05  
 \*\*\* p < 0.01

conclude that only for the operational business growth yielding planning of "annual gains" and "annual turnover" of the "Vlerick"-starters one indisputable entrepreneurial and managerial characteristic can be found (i.e. "time management"), whereas this is not the case for the respective strategic planning comportment.

For the group of "Others" 14 overall positively correlating qualifications were selected from correlation matrix. In the case of (well-)planning "Others" chances for growth increasing planning behaviour are mainly positively linked to "analytic book-keeping", "local market competition" and "rentability". Note that the explanatory value of these variables is much higher (4,5 to 13 per cent) than in the case of "Vlerick"-starters. This is of course due to an extreme low



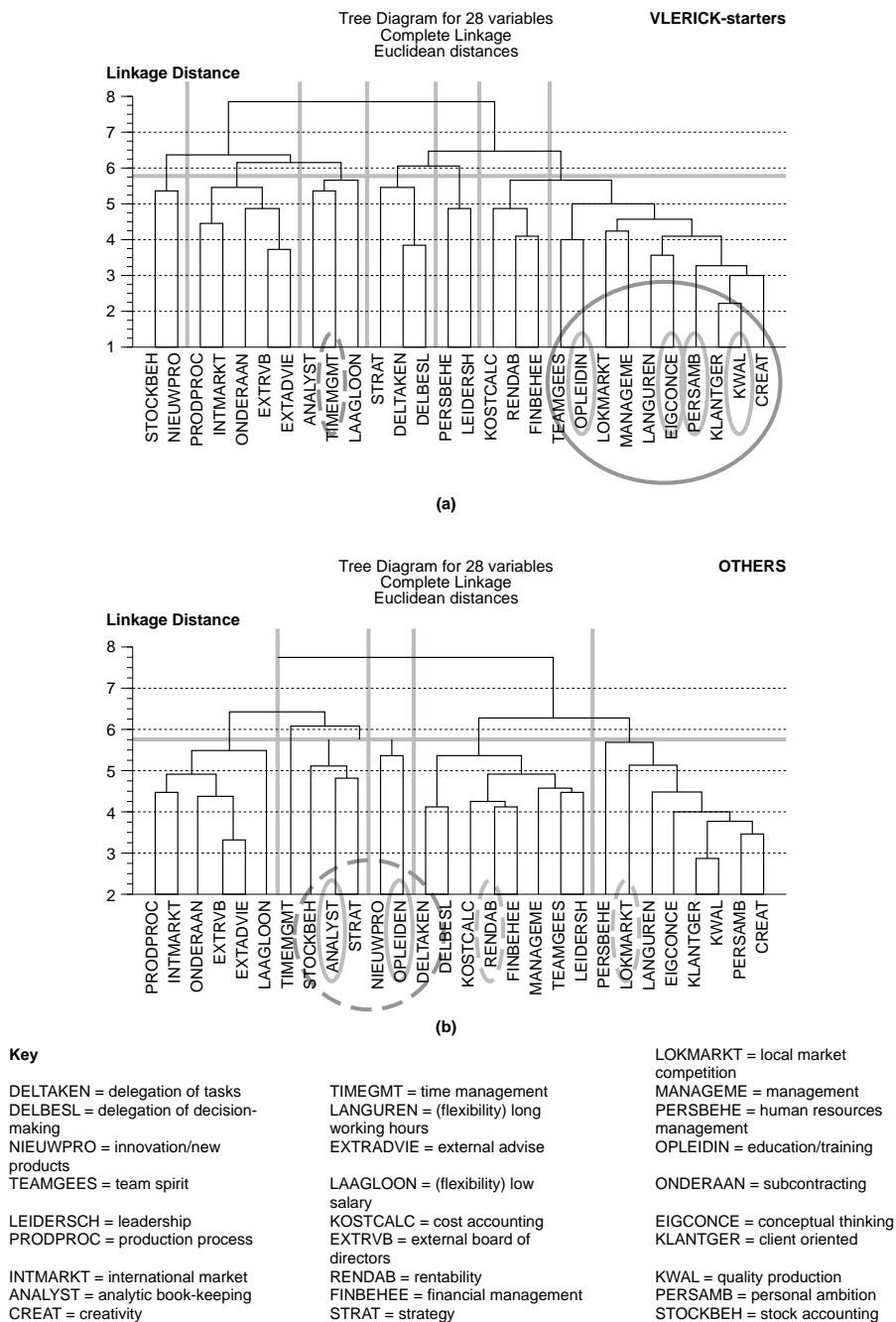
Proportional weight of the entrepreneurial and managerial characteristics on the divers growth creating planning proficiencies: for "Vlerick"-(well-)planning starters for 'annual gains' = 4%; for 'risk control' = variable; for 'innovation/new products' = variable; and for 'annual turnover' = 4%; for "Others" 'innovation' = 17%; for 'annual gains' = 18%; and for 'annual turnover' = 10% (of a total list of 28 EC+MT (cf. supra)).

Source: Tom Schamp, 1998.

**Figure 3.**  
The (well-)planning  
entrepreneurial and  
managerial starters'  
profile

variance between the cases included in the sample (based on the selection of all cases planning the three items simultaneously). "Production process" and "delegation of decision making" show a dualistic relationship with planning: the latter one positively influencing planning of annual turnover and at the same time negatively influencing the planning of innovation/new products; and just the other way around for "production process".

As argued before, SME-businessmen with a better planning proficiency would have a distinctive entrepreneurial, managerial and self-employing profile from non- or bad-planners. On that account, reference can be made to the observed inter-group planning and entrepreneurial and managerial profile discrepancies (see previous part). Also, the higher business growth rate of



**Figure 4.**  
Tree structure for all entrepreneurial characteristics and managerial techniques

**Source:** Tom Schamp, 1998.

“Vlerick”-starters is likely due to the inter-group managerial and entrepreneurial attitudinal differences. Because of the economical, entrepreneurial and managerial differences between a management trained and not by the Vlerick School of Management trained group of small business-owners remains the focus, the argumentation for the post-start-up variance in the evolution of the firms can presumably to some extent be assigned to this one differentiating element: management training (understood to be an enhancing factor for the SME business). Basic statistics, non-parametric statistics, and ANOVA/MANOVA correlation tests using “performance/growth” as the dependent variable pointed out that management training positively influences the growth pattern of the relevant enterprises but only when stimulating those entrepreneurial and managerial business techniques that induce a better operational and/or strategic planning attitude.

On the one hand, in the case of “Others” “education/training” does not significantly correlate at a 5 per cent level of significance with any of the determination entrepreneurial or managerial variables: neutrally with “rentability” (-0.04) and “production process” (0.10) and positively with “local market competition” (0.15). The fact that all withheld business growth generating entrepreneurial attitudes relate neutrally or negatively to the educational item and the way in which business growth restraining entrepreneurial characteristics relate positively to “education/ training” hence mitigates the relative importance of the latter item in determining the planning profile of “Others”. Of all positive correlating attitudinal parameters for “Others” only “analytic book-keeping” unites around the “education/training” branch.

On the contrary, the “Vlerick”-starters (well-)planning profile correlates positively -although not significantly- with all entrepreneurial or managerial characteristics (ranging from 0.05 to 0.22 at a 5 per cent level of significance). Therefore, clustered tree structures confirm the basic relating factor to be “education/training” (*cf.* Figure 4). Although only four entrepreneurial and managerial characteristics were found to have a considerable proportionally stimulating impact on wealth-generating planning abilities, “education/ training” groups three of them at the right side of the tree structure within one Euclidean distance or range: i.e. “client orientation”, “conceptual thinking” and “personal ambition”. Intuitively, the positive linkage between business growth stimulating planning profile of entrepreneurial and managerial characteristics and the element of “education/training” is more apparent for “Vlerick”-starters, in this confirming *H3*.

*Conclusion.* Innovating to already existing studies is the way in which the formality and content of operational and strategic planning has both been tested within one item of the questionnaire. This means that at the same time the reader gets an idea about the different planned items (qualitative element), how successful planning was experienced (quantitative element) and what kind of management was argued to lead to what positive planning result. “Vlerick”-starters are principally focused on planning the annual turnover and gains,

risks and innovations of the project they started from scratch, and the fundamentals of which are lying in conceptual thinking. Except for planning risks this is not different from the (well-)planning attitude of "Others". Still, a totally different entrepreneurial and managerial mechanism lies at the basis of it.

The data and findings do not entirely clarify the importance or the impact of management training on the planning of annual gains, turnover or innovation etc., neither do they explain the relationship with all other operational planning efforts. Nevertheless, in support of the above correlations and implicitly H3 some additional evidence for the critical linkage that "Vlerick"-starters apparently make between the necessity of planning "annual gains", the "annual turnover" and "risk control" and the management training has been found. This linkage can be explained by the set-up of most of the management training courses: normally management training courses for SME-start-ups contain different modules ranging from strategy, marketing, legal aspects, HRM, and last but not least to financial issues and related issues. Clearly the way in which general and comprehensive management concepts (involving annual growth of turnover, gains and risk control) were trained shows that this training has obviously had some influence on the management of the daily business-process. Since no relevant linkage with the educational variable was found for "Others" any analogous linkage is however absent for the control group, again supporting the content of H3.

In sum, in the case of "Vlerick"-starters business growth will be likely stimulated and eventually attained at a sufficient level of attention paid to certain entrepreneurial characteristics and managerial techniques, namely "personal ambition", "conceptual thinking", "client orientation" and "time management"; three out of four being clear entrepreneurial entries. In combination these entrepreneurial elements can originate efficient and realistic planning scenarios for the "annual gains", "annual turnover" and "risk control" (in 3.5 to 7 per cent of all cases). Accordingly, whether planned properly or not the planning of "innovation/new products" and "annual gains" will significantly (respectively in 20 and 29 per cent of the cases) higher the chances for enterprise growth, both in personnel and turnover! However, the link between "innovation" and the grouped entrepreneurial attitudes was found to be inconclusive. To the "Vlerick-growth generating planning attitudinal combination "time management" plays a very important role.

In the case of "Others", based on a certain degree of "analytic book-keeping" (5 to 13 per cent), "local market competition" (4 per cent) and "rentability" (all three elements being typically managerial entries) "Others" are likely to grow both in terms of turnover (in 11 per cent of the cases) and staffing (in 51 per cent of the cases) if only the combination of "innovation/new products", "annual turnover" and "annual gains" strategy is planned. Except for paying attention to the planning of the "local market competition" (resp. 0.56 and 0.66) in the case of planning "annual turnover" and "annual gains" no significant predictive or causal links could be traced between the entrepreneurial and managerial profile



and the (well-)planning of this threefold combination. Therefore, only this element makes the planning profile of “Others” as conclusive as that of “Vlerick”-starters. On the contrary, it has become clear that management training “by itself” does not have that much explanatory value neither to any (positive or negative) planning attitude nor to any dimension that has been assumed. Only in combination with other entrepreneurial and managerial attitudinal factors significance was detected.

### End conclusion

Along the lines of *H4* evidence has yet been found for that typical forms of entrepreneurial or managerial behavior can to a certain degree of certainty contribute to the business growth (turnover and employment) but only through its energizing or multiplication effect on the operational and strategic business planning, among them the convergence effect of those determinants that significantly predict growth generating planning attitudes around the independent variable “education/training”. The assumption that “Vlerick”-starters typically start from a personal conception or an innovative idea has been sustained both in terms of their pre-start-up profile and their post-start-up proficient planning profile. The fact that their entrepreneurial-based growth-related planning behaviour is conditioned mainly by their “personal ambition”, “conceptual thinking”, “client orientation” and “time management” thus makes the “full circle”. After all, the foremost important task of management training programmes in general is to make explicit the conceptual thinking by means of comprehensive strategies within the socio-economical context or structure of SMEs. In the mean time only those small business-starters that signal the need for refining their conceptual thinking into a strategy and planning proficiency will be accepted for the management training; the search for outside help being just a symptom of this quest. Supporting *H2* outside help by a third person or a training institute – typical for “Vlerick”-starters – is not that apparent for “Others” (*H2*).

The convergence effect of those determinants that significantly predict growth generating planning attitudes around the independent variable “education/training” for “Vlerick”-starters (*cf.* Figure 4) broadens possibilities for interpretation for its relative impact on successful operational and managerial decision-making and planning skills. In this “Vlerick”-starters plan more and better, they equally balance their planning attitude between operational and strategic options, and consequently are able to generate a higher business growth. Thus, not surprisingly, the growth rate of both tested parameters (annual turnover and number of personnel) is significantly higher for the test group than for “Others”. In the case of “Vlerick”-starters this growth pattern, the pre-start-up and post-start-up entrepreneurial, managerial and planning profile (activities) could be slightly linked to the parameter “education/training”, underwriting its leverage or interaction effect on the whole process (*cf.* Figure 1b) (*H3*). This is not the case with “Others”.

Differences in the entrepreneurial and managerial profile of course lead to different planning abilities. But, also “other elements” (see Figure 1a) could have caused any adaptation, e.g. to environmental, economical and personal uncertainties and changes. Therefore further investigation will be needed on the linkage between the pre-start-up motivation, age distribution, level of education, etc. and the actual growth pattern of the enterprise. Moreover, a very rigid selection was made by only checking planning business-owners attitudinal behaviour and its relation to their business growth rate. Therefore, further research will be done on how this relationship specifically looks for non- and bad-planners. Furthermore, because of the heterogeneous operational and strategically planning attitudes of the annual turnover and staffing the introduction of a typology for planning start-up SME-business-owners (more or less entrepreneurial than managerial) is very hard and rather food for thought. Another restriction to this research is that business growth has only been tested through the annual turnover and staffing. These are of course the most frequently quoted business growth parameters in academic journals and other study materials, but nevertheless the measurement of “business success” can be made more comprehensive. Amongst other critical success factors that could be included are market share, client service/satisfaction, internal decision-making processes, return on investment, strategy and governance, personnel or staffing (HRM), etc. Also, comparable examination of the partition of stopped business-owners can be done as a manner to double-check if the now selected criteria for business growth are truly typically for well-planning business-owners’ profiles or not. These defined independent entrepreneurial and managerial variables and planning attitudes could of course in some cases also lead to the enterprise stoppage due to the impact of “other elements”. The latter topic has for this paper mainly been covered and compensated by the descriptive statistical analysis. At last, what could have happened to the enterprises that did not answer the questionnaire (non-response rate)? Here too more research, by ways of questionnaire or interviews, ought to be done.

This research might lead to further actions towards elaboration of management training programmes for start-ups and early stage growth firms by many centers for continuous education. Important for local as well as for federal and regional governmental institutions throughout Europe and elsewhere is the fact that these unique post-experience management programmes are by ways of their educational and vocational composition and structure presumably leading to better, more equilibrated and persisting business planning attitudes. In this way survival and growth ought to be further and in the future more consistently insured and acknowledged by third parties such as private or governmental institutions and an ever forthcoming network of surviving and growing SMEs.

#### Notes

1. Following programmes for small business starters were organised on a pseudo-continuous base during the 1987-1997 period: “Starters Programme”, “SME-Challenge Programme”,

- “SME-Excellence Programme”, “SME-Perfection Programme”, and “Woman and Entrepreneurship”. In 1988, De Vlerick School was the organiser together with EROV-Ghent of the EFMD Small Business Conference on “Start-ups”. Inspiration on some of the approaches was found in the International Teachers Programmes, organised under (co-)leadership of the Business School of the Durham University (UK).
2. Although many have tried to quantify the effects and entrepreneurial, managerial and self-employing characteristics of entrepreneurship, the task seems impossible to conglomerate it inside one definite holistic structure. This research therefore is another attempt to determine what kind of entrepreneurial-managerial-self-employing interrelations originate from what contextual business background, a topic the research group decided only to tackle when making the concluding remarks and formulating further points of discussion.
  3. Most of the research concerning this category has focused on the impact of planning methods (that is, the degree of planning formality) on a firm's performance. Although there are exceptions, strong empirical support exists for the thesis that formal planning out-performs informal planning in large firms.
  4. At first the research group received 73 completed copies of the questionnaire and took the initiative to do another mailing to all remaining non-respondents backed up by a broad telephonic audit. Before the foreseen deadline another 45 questionnaires were returned. This operation totalled a very high response rate compared to other SME follow-up studies and surveys. Four questionnaires were excluded from statistical analysis for the following reasons: because of far too explosive (production or employee) growth rates which would have distorted most of the results of frequency tables or because of the stoppage of the firm's activities.
  5. The questionnaire was based on a sixfold series of interviews with SME-businessmen in order to select and include the utmost plausible and statistical useful questions and answering possibilities.
  6. Ten years ago, the fraction of women in our management training programmes was far too little to analyse. Since then the Centre of SMEs launched the “Women and Entrepreneurship” programme. Still, statistical analysis is insignificant compared to the total population of female entrepreneurs. No comparative study was done on this matter between the “Vlerick”-starters and “Others”. On the subject, see Scherer *et al.* (1990) “Entrepreneur career selection and gender: a socialisation approach”, *Journal of Small Business Management*, Vol. 28 No. 2, pp. 37-44.
  7. On a national and international scale the average start-up age is 36 years old.
  8. Although “to earn lots of money” did not count high for the first and second choice, it has got the second highest rating within the third choice category (right behind ‘the challenge to become independent’), respectively 10.71 and 14.29 per cent for “Vlerick”-starters and “Others”.
  9. See for example, Mintzberg, H. (1991), “The entrepreneurial organization”, in Mintzberg, H. and Quinn, J.B. (Eds), *The Strategy Process*, Prentice-Hall, Engelwood Cliffs, NJ, pp. 604-13; and Naffziger, D.W. and Kuratko, D.F. (1991), “An investigation into the prevalence of planning in small business”, *Journal of Small Business and Entrepreneurship*, Vol. 3 No. 2, pp. 99-109.
  10. Olson and Bokor (1995, p. 37).
  11. Matthews, C.H. and Scott, S.G. (1995), “Uncertainty and planning in small and entrepreneurial firms: an empirical assessment”, *Journal of Small Business Management*, Vol. 33 No. 4, pp. 34 and 40.
  12. Robinson, R.B. and Pearce, J.A. (1988), “Planned patterns of strategic behavior and their relationship to business-unit performance”, *Strategic Management Journal*, Vol. 14 No. x, pp. 43-60.

13. One explanation for this observation is that market planning seeks to tie a firm closely with customers, and customer satisfaction may be a result. Or, it could also be due to the fact that market planning resolves market uncertainty.
14. See Crijns, H. and Ooghe, H. (1997), "Entrepreneurial companies as job creators in Belgium: the processes of professionalization of management and institutionalization of ownership", and Hufft, E.M. (1997), "A comparison of the ownership and growth of family businesses and small firms", *42nd World Conference International Council for Small Business, Journal of Best Papers*, San Francisco, CA, June.
15. Only originally retrieved significant correlations by one-way ANOVA/MANOVA which were reinforced by either the sign or the intensity of the Spearman *R* rank correlation value for ordinal scales were selected for further research on their relative impact on business survival and growth. The adhered methodology is generally accepted and is described in Huizingh, E. (1996), *SPSS voor Windows, Academic Service – economie en bedrijfskunde*, Schoonhoven, Holland, p. 286.

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