

Summary

Survival and Growth of Business Start-Ups: Strategic and Operational Planning Through Management Training

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Principal Topics

The outcome of this study on entrepreneurship and managerial planning characteristics and tools is twofold. First of all, it gives the reader insight in the evolution of the main activities, and the growth pattern of two groups of surviving small and medium enterprise start-ups: “Vlerick”-starters who have enjoyed management training at the Center of SMEs at De Vlerick School voor Management, and a group of “Others” who have not. Secondly, certain results point towards the likely catalyzing effect of management training on growth-related entrepreneurial and managerial attitudes and towards the influence of those attitudinal differences on the planning skills and the enterprise growth pattern that was identified. Throughout the paper explanatory value of interrelations between (a) sets of entrepreneurial and managerial qualifications, (b) planning attitudes, and (c) business survival and growth rates of starting SMEs is sufficiently established.

Method

Apart from our own group of “Vlerick”-starters (226 alumni in total) a control group database of 2500 SME business-owners was put together, all of them working in an independent company structure for no longer than ten years. Through sectoral weighting 1000 SME-businessmen were selected randomly from this database (= “Others”). The research staff then mailed a personalized questionnaire to all “Vlerick”-starters (= test group) and to all “Others.” Thereafter, Dillman’s ‘*Total Design Method*’ was followed combining data bank research, telephonic interviews, and direct mailing of questionnaires. Out of the 118 completed questionnaires that were sent back by “Vlerick”-starters 114 were determined usable for statistical analysis of the data (about 49% of the total number of contacted SMEs). Of the control group approximately 11% responded the questionnaire in a usable form.

Major Findings

Descriptive Analysis

1. “Vlerick”-starters are younger than the average starter of the control group and can be explained by the significant difference in the start-up age (resp. 30 and 36 years).
2. “Vlerick”-alumni can also be characterized 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 as often as in executing or supporting positions.
3. “Vlerick”-starters most frequently were motivated to start a business on their own and “Others” are en plus highly stimulated by their *parent’s entrepreneurial role model*. One of the explanations is the 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 marked: *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. Anyhow, partly due to the start-up motivations, partly due to the pre-start-up experience and expertise (age, education, entrepreneurial household, . . .) “Vlerick”-starters show a different pre-start-up entrepreneurial profile.

Explanatory Analysis

This second part of findings contains more explanatory elements that underscore that participating in one or more management training programs at the “Vlerick”-Center of SMEs deepens these inter-group post-start-up profile cleavages in other ways than the above, namely the survival and growth rate of business start-ups.

1. 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. 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. The major share (85%) of the surveyed small business-owners are quiet satisfied by their present economical achievement and business career and would start all over again, if one could turn back the clock.
2. Because one main task at the end of management training programs for starting SMEs is the preparation of a business-plan, this business-plan is one important touchstone of the ability and proficiency of planning ‘*realization of the firm.*’ In short, “Vlerick”-starters plan more (quantitative) and better (qualitative) than “Others.”
3. As to firm size and growth there is one important difference though, 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 schematized planning profiles are given. These might help to uncover the tight relationship between management training and business growth. Altogether, there are unmistakable indications of certain positive planning versus business growth interdependencies for both groups. Moreover, these interdependencies are marked by significant inter-group differences in the pools or clusters of growth-generating planning attitudes.
4. Through clustered tree structures support was sought for the basic relating entrepreneurial and managerial factors. The owner’s importance attached to ‘*education/training*’ was found to be a linking variable for the Vlerick-alumni but not for “Others.” Moreover, from the above described regression and correlation analysis the relatively unimportance ‘*education/training*’ on the planning attitude of “Others” was demonstrated.

Implications

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.*’

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