

## 21 Survival, Planning Performance and Growth of Business Start-ups: Management Training Matters

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### Abstract

The outcome of this research gives the reader insight in the growth pattern of two groups of surviving small and medium enterprise start-ups: at the one hand 'Vlerick'-starters who have enjoyed management training at the Department of SMEs at The Vlerick School of Management, and at the other hand a group of 'Others' who have not.

Secondly, some of the research findings reveal clear evidence for the relationship between entrepreneurial characteristics and managerial techniques, planning skills and the business growth pattern of the enterprises of both groups. Even so, certain combinations pointing towards the likely catalyzing effect of management training on growth-related entrepreneurial and managerial attitudes and towards the influence of those attitudinal differences on planning skills and the enterprise growth pattern are identified.

### Introduction and Hypotheses

Celebrating over a decade of educational training and counseling activities for start-ups and early growth stage firms the need was felt to conduct a follow-up study in order to gain specific information on the survival and growth tendencies of all alumni-participants, hereafter called 'Vlerick'-starters<sup>2</sup> More important though, a profound comparative study was to be done on the profile of these start-ups and a comparable group of 'non-Vlerick'-starters (hereafter called Others) being aware that the generally assumed impact of management programs on entrepreneurial, managerial and self-employing attitudes of the first group would clearly disclose inter-group post-start-up profile differences.

The starting-point for this research hence was the reflection on what kind of contribution the listed management training programs (see footnote 2) have on the life cycle of start-ups. In this context abundant literature and study materials demonstrate the positive effect of participating on management training and individual counseling programs on the entrepreneurial and managerial attitudes of SME-businessmen (Gibb, 1995 and 1996; Iredale and Cotton, 1995; Klandt, Muller-Boling (ed.), 1995; Atherton and Hannon, 1996; Fuller, 1993; etc.). 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 (Rosa, Scott, and Klandt, 1996; Grant, 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 and management modules dealing with entrepreneurship and new venture creation. Universities and centers for continuous education have come up with a variety of course offerings, 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. Under the latter heading most of the management programs of the Department of SMEs of The Vlerick School of Management can be categorized. Businessmen who are motivated to enroll for one or more management training programs share, gain and test expertise and almost personalized management knowledge that might eventually lead to higher economical, social and individual performances. Therefore, apart from some typical follow-up questions on what economical level the 'Vlerick'-alumni attained, their life cycle and economic or fiscal diversification, causes for their internal decision-making processes and the firm's management processes, especially toward 'planning' were questioned in depth.

**H1:** *Partly due to pre- and post-start-up real-live experience and their motivation or need for management training courses and counseling, '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 programs 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 1 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-startup motivations, planning and entrepreneurial and managerial characteristics. Because the relationship 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.

On the other hand, because of the crucial role of learning about business-planning within most of these management training programs, the selection of businessmen within the framework of these programs evidently focuses on the willingness of each candidate to plan his business in a more or less formal manner. 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 strategic planning criteria scale (= the general tempo of realization of the firm, annual gains, turnover, growth of personnel and staffing (HRM), personal salary, etc.) both quantitatively and qualitatively.*

As to what Grant (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 modeling), SME-businessmen with a better planning proficiency are likely to have a distinctive entrepreneurial, managerial and self-employing profile from non- or bad-planners.<sup>3</sup> We also believe that this will be the case for both groups of '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.

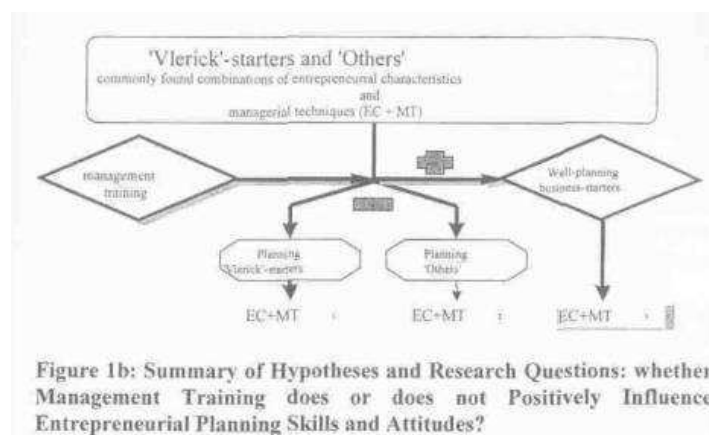
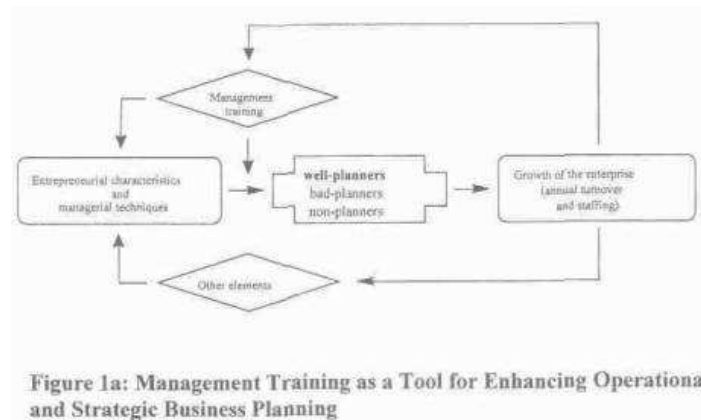
**H3:** *Within both the test and control group (well-)planning businessmen differ on certain entrepreneurial and management attitudinal factors. Entrepreneurial and managerial profiles therefore strongly correlate with different planning behavior which shows great similarities with the typical emphasized 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)<sup>4</sup> 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

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 fate 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 out of a last years' start-up database all business-owners been referred to, are still in business. Hence, no comparative survival analysis could be done. The research group will therefore focus on the growth rate of all these firms. All of the above hypotheses are summarized in the figures 1a and b.



Explanatory value of interrelations between (a) sets of entrepreneurial and managerial qualifications, (b) planning attitudes, and (c) business survival and growth rate of start-ups will be sufficiently established for the group of management trained and individually counseled business start-ups.

## Research Methodology

### Unit of analysis

In order to assess correctly all differences in company structure, growth pattern, as well as in entrepreneurial characteristics and managerial techniques of the '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 not longer than ten years.

Through control weighting, 1000 SME businessmen were selected randomly from this

Through sectoral weighting 1000 SME-businessmen were selected randomly from this database (= 'Others'<sup>1</sup> or the control group). Subsequently, in brief, Dillman's Total Design Method was followed combining data bank research, telephonic interviews, and direct mailing of questionnaires (Dillman, 1978).<sup>5</sup> A personalized questionnaire<sup>6</sup> was mailed to all 'Vlerick'-starters (= test group) and 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).

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 upon 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:**

### **Profiles of Flemish Business Start-ups and Early Stage Growth Firms**

Within the boundaries of this article clarification of any relation, correlation and causality between business-owners' entrepreneurial, managerial and self-employing attitudes or behavior, 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 was 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 summarizes 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).<sup>7</sup> Secondly, tables 1 and 2 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 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 analyzed. 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*

'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 is in its thirties). Not even 3 per cent of the Vlerick-entrepreneurs is older than 50, which is very little compared to 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 follow certain management training which is clearly dropping at the age of 40 and higher. The fact that the average start-up age is only 30 years<sup>6</sup> can be explained by the fact that at least one important management program for starters is exclusively accessible for starting businessmen that are under 35 years old having a business-owning experience of four years at maximum. The fact that the average 'Vlerick'-starter is younger than the starter of the control group is mainly due to its younger start-up age. As seen already, also because of the nature of some of the management programs for starting businessmen, the Department for SMEs of The Vlerick School of Management most often gathers young entrepreneurs.

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 has 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).

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) (= entrepreneurial parental role modeling). 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.

The relation between the duration of pre-start-up sectoral experience and the business growth or well-doing of the firm has been a major subject in academic studies. Though, 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 on 5 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 evidently 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.

*(Pre-)start-up motivations* will of course be linked to the already discussed age level of

...the year-up motivations that are caused by family, education, age, level of education and entrepreneurial parental peer pressure, in order to complete theories of organization 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 behavior 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*.<sup>9</sup>

In sum, 'Vlerick'-alumni can 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 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 programs 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 hypothesis I. In the following part elements will be searched that also underscore that participating in one or more management training programs at the 'Vlerick'-Center 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*

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.

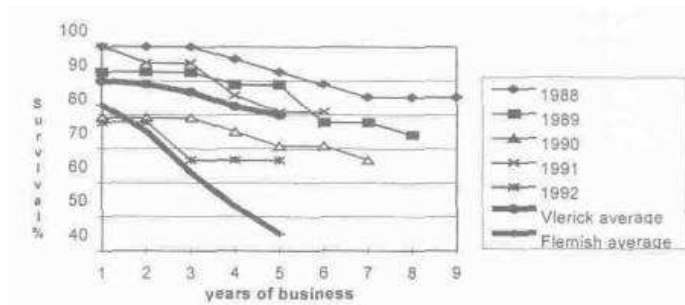


Figure 2: Survival Rate of 'Vlerick'-Start-ups Compared to the Flemish Average (in Number of Years after the Start-up) for the five Oldest Start-ups and the Average for All

Figure 2 gives an indication of the survival chances of 'Vlerick'-alumni and the average fall-out for 'Others'. 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 their business. This is only the case for 20 per cent only of all 'Vlerick'-alumni. Moreover, the SME-department also enrolls individuals that consider to start up a firm but after following the courses have not. These persons might be discouraged to do so by the end of the program but are nevertheless included in the above statistics. Therefore, the reader should not oversimplified consider the full 20 per cent as a stoppage of business activities in the way as it was described for 'Others'.

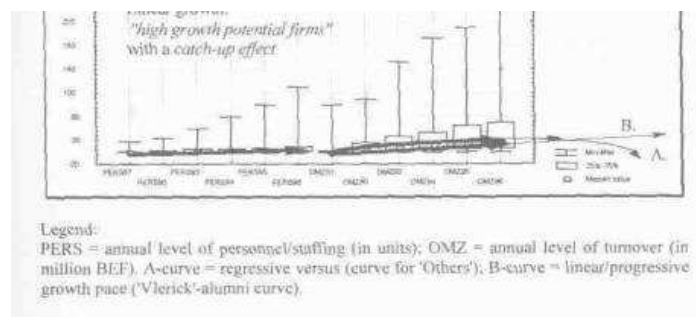
Table 1a: Annual Personnel and Total Production Growth Rates (in Percentages of Total Counts)

	VLERICK STARTERS	OTHERS		VLERICK STARTERS	OTHERS
<i>Average staffing<sup>a</sup></i>	mean value (in absolute numbers):		<i>Annual staffing growth<sup>b</sup></i>	mean value (in absolute numbers):	
	4,70	6,95		7,69 (>)	5,15
during 1987	1,10	3,95	-5 to 0**	0,87	4,50
1990	2,23	4,96	0 to 5	44,73	45,94
1993	3,15	6,73	5 to 10	14,91	17,11
1994	3,79	7,54	10 to 15	7,01	4,50
1995	4,64	8,15	≥ 15	8,80	6,33
1996	6,40	8,87	missing cases	23,68	21,62
<i>Average production<sup>c,c,c</sup></i>	mean value (in absolute numbers):		<i>Annual turnover growth<sup>d</sup></i>	mean value (in absolute numbers):	
	24,49	41,20		6,56 (>)	2,19
0 to 14,99*	41,96	33,04	-5 to 0**	2,63	8,92
15 to 29,99	13,39	9,82	0 to 5	57,01	70,53
30 to 44,99	6,25	13,39	5 to 10	10,52	0,89
45 to 59,99	5,35	10,71	10 to 15	3,50	1,78
60 to 74,99	3,57	2,68	≥ 15	6,17	2,71
75 to 89,99	2,67	1,79	missing cases	20,17	15,17
> 90	3,56	9,82			

\*In million Belgian Francs (BEF); \*\*In percentages; <sup>a</sup>T-test:  $p < .05$ ; <sup>b</sup>T-test:  $p = .005$ ; <sup>c</sup>T-test:  $p = 0.21$ ; <sup>d</sup>T-test:  $p = .015$ .

Table 1b: Combined Box and Whisker Plots for Annual Growth in Turnover and Staffing (Growth Rate in Absolute Numbers)





After one, three and five years, respectively 90, 87 and -like already said-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 programs at the 'Vlerick'-Department of SMEs in those days, since there were no comparable alternatives at the time of starting the program and participants were admitted on the basis of criteria such as personality, motivational and activity grounds.<sup>10</sup> 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).

Table 1c: Turnover versus Staffing Growth Correlation Matrix

	GROWTH STAFFING/PERSONNEL	
	'Vlerick'-starters	'Others'
GROWTH TURNOVER	.84*	-.16

\*Significant correlation ( $p < .05$ ).

Furthermore, tables 1a and b 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 1b 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.

For 77 to 85 per cent of the cases of both groups (see the number of missing cases table 2a) 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 1b Box and Whisker plot: the steepness of the business-growth slope). In general, 'Others' have a higher average annual production volume. But, here too 'Vlerick'-starters show a considerably higher yearly turnover growth rate (cf. table 1a). 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 hypothesis 1 and the first part of hypothesis 4, sustaining a priori assumed inter-group post-start-up differences. Furthermore, the explanatory statistical analysis (see further) will give us proof that there is indeed a link between the annual growth pattern of personnel or turnover and certain entrepreneurial and managerial behavioral aspects.



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*.

Table 2: Planning Attitudes of 'Vlerick'-Starters and 'Others'

POST-START-UP	'VLERICK'-STARTERS			OTHERS		
	average planning attitude* and ↓ well-planners (1-2)**↓	not-planners (per cent of total)		average planning attitude* and ↓ well-planners (1-2)**↓	not-planners (per cent of total)	
- annual turnover <sup>c</sup> (N = 105 and 110)	2,1	65,1	5,35	2,1	62,7	10,71
- annual gains <sup>c</sup> (N = 106 and 109)	2,1	59,8	4,46	2,2	53,2	8,04
- personal salary (N = 107 and 109)	2,4	62,9	14,28	2,2	68,8	13,39
- tempo of firm realization <sup>co</sup> (N = 105 and 106)	2,3	55,7	2,67	2,2	51,9	16,07
- number of employees (N = 108 for both)	2,3	70,6	9,82	2,0	66,1	8,04
- new products (N = 105 for both)	2,4	62,3	16,94	1,9	41,9	19,64
- financial affairs (N = 107 for both)	2,1	79,6	3,57	2,1	73,2	5,36
- risk control (N = 106 for both)	2,1	85,0	5,35	2,1	72,3	5,36
- general success rate (N = 107 for both)	2,0	72,2	1,78	2,0	68,2	3,57
- customer attraction and image (N = 98 and 105)	1,8	88,9	3,57	1,9	80,0	3,57

\*Average planning attitude = mean value on a three-point scale (1 = firm results were better than planned, 2 = firm results were as planned, and 3 = results were worse than planned).

\*\*well-planning percentages; \*T-test:  $p = .000$ , \*\*T-test:  $.05 < p < .1$ .

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 outperform non-planners. Recent reviews however also have pointed to certain gaps in our knowledge of planning/performance relationships, caused by (1) the standards used to define small businesses and to assess formal planning, (2) the seldom relevant time periods during which it is measured and (3) the lack of organizational and contextual background information (Shrader, Mulford and Blackburn, 1989; Lyles, Baird, Orris and Kuratko, 1993).<sup>L2</sup> 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 behavior and the growth structure of the firm. This counts for both the quantitative aspect (no formal planning versus a (quasi) complete formal planning)<sup>0</sup> 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*.<sup>14</sup> Business planning might therefore be more likely defined as a proxy for a number of organizational 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 realization,...) were 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 practiced commonly by SMEs because they do not have the time nor the funding or the personnel to engage in strategic planning,<sup>15</sup> and -different from operational planning- that it is difficult to identify strategic planning versus performance correlation, categorization between operational (short-term day-to-day functional area problems, -cf. table 2: *printed in italics*-) and strategic (long-range) planning will be made when examining the planning attitude versus business growth pattern relationship.

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 realization*, being another strategic planning item. More than 16 per cent of 'Others' does not plan this item (eight times the number of the test group). This does however not relate to the qualitative aspect of planning. Even though planned to a lesser ratio, 'Others' plan *the tempo of business realization* better. The relative insignificance however of this planning attitude in relation with business growth will however be demonstrated in the next part.

In conclusion to this quantitative 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 realization 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 4a) is for 97 per cent due to a combination or set of the five planning attitudes marked with asterisk. Thus far, the conclusion can be made that 'Vlerick'-starters plan more in order to accelerate their business growth. Though, 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 2 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. Though, 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 not 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 hypothesis 1. Outcomes of above cited studies established the general belief that management training positively influences the particular management technique of business planning (cf. hypothesis 2). In how far this relation is causal will be checked through a list of 28 planning-related entrepreneurial and managerial characteristics and techniques (table not inserted). 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 'by 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.

Significant discrimination between both tested groups was found for the following variables: *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 proof has been found for the direct and predictive or causal relation between conceptual thinking and the well-planning behavior leading to business growth.

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.

Because one main effort at the end of management training programs for starting SMEs is paid for the preparation of a business-plan the act of normalization by writing one is an important touchstone of the ability and proficiency of planning *realization 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 realization* 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 realization 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, though not at all negligible for this research.

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 hypothesis 1, 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 behavior and the resulting firm growth pattern. In this they contribute to the search for hard evidence for the second part of hypothesis 3. 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 figure 1b in mind.

In this part arguments in favor 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. hypothesis 4) will be searched for. Therefore, firstly the *relationship between the well-planning attitude and enterprise growth* will be examined. Secondly, resulting positive correlation and regression predictive relationships will be looked upon from the perspective of the relationship with possible underlying causes, i.e. *entrepreneurial and managerial characteristics* (see hypothesis 3).

#### *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+MT3)? As the reader goes from the right (economic growth of the enterprise) to the left end of the above figure 1a to find out about causal linkages, firstly 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 correlation 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 table 3 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

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*.

**Table 3: Business Growth Increasing Planning Components for Both Groups (+ Influence)**

'VLERICK'	WELL-PLANNING OF	PLANNING OF
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
growth	annual turnover	
annual staffing		

'OTHERS'	WELL-PLANNING OF	PLANNING OF
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		

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.

Nearly all sampled enterprises have been growing both in annual turnover and staffing during the post-start-up period (see table 1a). There is one important difference though between the average firm of both groups: 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 schematized planning profiles were given. These might help to uncover the tight relationship between management training and business growth. Table 1a (see up) shows that the correlation between *the growth pattern for the annual turnover and staffing is significantly positive* for 'Vlerick'-starters (.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).<sup>16</sup> This information perfectly matches the information of table 3 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 hypothesis 4 these interdependencies are marked by significant inter-group differences in the pools or clusters of growth-generating planning attitudes and has been summarized in the above table 3. 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?*

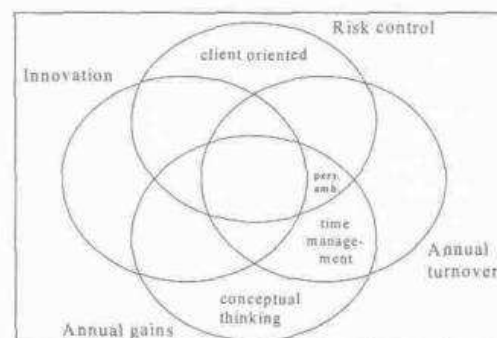
Quantitative and qualitative planning information not only provides insight in inter-group planning profiles but should implicitly be linked to *business performance-related ratios* (e.g. the planning profile versus the annual growth of turnover and employment); hence we have explained in the previous part how *operational and strategic planning* can be translated into economical performance and growth. O'Neill and Duker's (1986) findings suggest that any significant entrepreneurial or managerial parameter can be used to enhance the strategic planning and hence the performance of SMEs (Balantine, Cleveland, and Koeller, 1992). Again due to the small number of firms reporting that the performance was better than planned, the three qualitative planning categories were dichotomized into (1) performance better or equal as planned, and (2) performance worse than planned.

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. From triple correlation for all 28 independent entrepreneurial and managerial variables and all ten dependent operational and strategic planning variables a correlation matrix resulted containing the analysis for (1) well-planning businessmen (cf. Spearman R:  $R > .30$ ) as well as for (2) the general planning attitude (Spearman R:  $.10 < R < .30$ ).<sup>17</sup>

In the case of 'Vlerick'-starters, relative to this pre-selected pool of entrepreneurial and managerial characteristics which are positively correlating with all 5 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 summarized in the figure 3 (= EC+MT3). 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 *persona! ambition*. These elements are to be considered *positively influencing the growth generating planning behavior*. Apart from *external advise* and *delegation of tasks* all other significantly correlating entrepreneurial and managerial characteristics have a positive effect on the planning behavior.

Figure 3: The (Well-)Planning Entrepreneurial and Managerial Starters' Profile

*'Vlerick'-starters: entrepreneurial tinted well-planning profile*



*'Others': managerial tinted well-planning profile*





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

Master-planning 'Vlerick'-starters plan predominantly strategically, the most when it comes to planning 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 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.

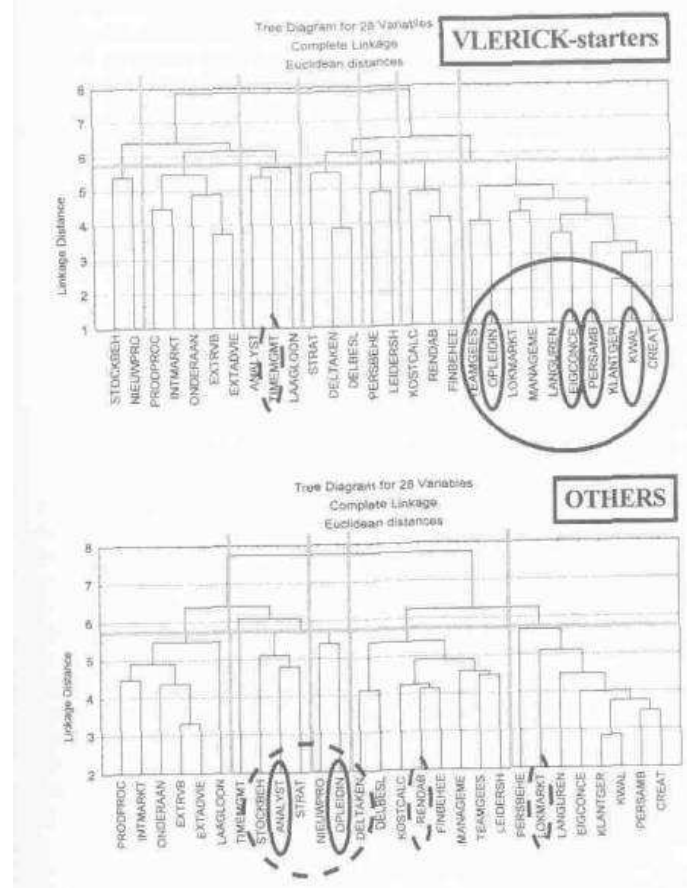
For the group of 'Others' 14 overall positively correlating qualifications were selected from correlation matrix. In the case of (well-) planning 'Others' chances for growth increasing planning behavior are mainly positively linked to *analytic book-keeping*, *local market competition*, and *rentability*. 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 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 '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* (-.04) and *production process* (.10) and positively with *local market competition* (.15). The fact that all withheld business growth creating entrepreneurial attitudes relate neutrally or negatively to the educational items and

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 other hand, the 'Vlerick'-starters (well-) planning profile correlates positively -although not significantly- with all entrepreneurial or managerial characteristics (ranging from .05 to .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 hypothesis 3.

Figure 4: Tree Structure for all Entrepreneurial Characteristics and Managerial Techniques



**Legend:**

DELTAKEN = delegation of tasks

DELBESL = delegation of decision-making

NIEUWPRO = innovation / new products driven

TEAMGEKS = learn spirit

LEIDERSCH = strong leadership

PRODPROC = production process



INTMARKT = focus on the international market

ANALYST = analytic book-keeping

GREAT = creativity driven

TIMEGMT = time management

LANOUREN= (flexibility) long working hours

EXTADVIE = external advise

LAAGLOON = (flexibility) low salary

K.OSTCALC = cost accounting

EXTRVB = external hoard of directors

RENDAB = profitability

FINBEHEE = financial management

STRAT = strategy

LOKMARKT = focus on the local market

MANAGEME = management

PERSBETIE = human resources management

OPLEIDIN = education/training

ONDERAAN = subcontracting

EIGCONCE = conceptual thinking

KLANTGER = client oriented

KWAL = quality production

PERSAMI1 = personal ambition

STOCKBEH = stock accounting

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 bookkeeping* (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. .56 and .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.

## Conclusion

All data and findings of this research 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 for a 100 percent. Innovating however 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.

In support of the above correlation and implicitly hypothesis 3 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 hypothesis 3. Except for planning risks this is hence not different from the (well-)planning attitude of 'Others'.

Confirming the content of hypothesis 4 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!! 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 behavior is conditioned mainly by their *personal ambition*, *conceptual thinking*, *client orientation* and *time management* thus makes the 'full circle'<sup>1</sup>. After all, the foremost important task of management training programs in general is to explicit the conceptual thinking by ways 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 hypothesis 2 outside help by a third person or a training institute -typical for 'Vlerick'-starters- is not that apparent for 'Others'.

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 1 b) (hypothesis 3). This is not the case of Others'.

Differences in the entrepreneurial and managerial profile logically might 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 done only checking planning business-owners attitudinal behavior and its relation to their business growth rate. Therefore, further research ought to be done on how this relationship specifically looks like 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 others 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.

Evidence has yet been found for typical forms of entrepreneurial or managerial behavior that can to a certain degree of probability (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*.

This research will hopefully lead to further actions for experimentation with and elaboration of management training programs for start-ups and early stage growth firms by centers for continuous education. Important for local as well as federal governments throughout Europe is the fact these unique educational and vocational intertwined management programs are presumably leading to better, more equilibrated and more frequently performed ways of business planning and control. In this survival and growth sustainability ought to be further and more consistently insured for the future...

## Notes

<sup>1</sup> The authors wish to acknowledge the financial support of the Fortis (former: General Hank (Belgium)) including the person of Katrien Leger for the data collection and the empirical research on which this study is based.

<sup>2</sup>The Department of Small and Medium businesses (SMEs) of the Vlerick Leuven Gent Management School (former: De Vlerick School voor Management (University of Gent -Belgium)) has over eleven years long experience in organising management training programmes for starting SME-owners or business-owners, following programmes for small business starters were organized on a pseudo-continuous base during the 1987-1998

period: '(Pre-) Starters Programme', 'SME-Challenge Programme', 'SME-Excellence Programme', 'SMK-Perfection Programme', 'and Woman and Entrepreneurship'.

<sup>3</sup> Because it seems impossible to quantify and conglomerate the effects and entrepreneurial, managerial and self-employing characteristics of entrepreneurship inside one definite holistic structure, this research is another attempt to determine what kind of entrepreneurial-managerial-self-employing interrelations originate from what contextual business background.

<sup>4</sup> 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 outperforms informal planning in large firms.

<sup>5</sup>At first the research group received 73 completed copies of the questionnaire and took the initiative to do another mailing to ail remaining non-respondents backed up by a broad telephonic audit. Before the foreseen deadline another 45 questionnaires were returned. This operation totaled 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.

<sup>6</sup> The questionnaire was based upon a sixfold series of interviews with SME-businessmen in order to select and include the utmost plausible and statistical useful questions and answering possibilities.

<sup>7</sup> Ten years ago, the fraction of women in our management training programmes was far too little to analyze. 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, Brodzinski and Wiebe. 1990. 'Entrepreneur Career Selection and Gender: a socialization approach'. *Journal of Small Business Management*, vol. 28, no. 2, 37-44.

<sup>8</sup>On a national and international scale the average start-up age is 36 years old.

<sup>9</sup> 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 percent for 'Vlerick'-starters and 'Others'.

<sup>10</sup>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.

<sup>11</sup> Question sets as were described by Lyles, Baird, Orris and Kurato (1993) and Bracker and Pearson (1986) 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). 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*. Leftover are *non-planners*, but they will not be further discussed within the scope of this paper.

<sup>12</sup> See for example. Mintzberg, 1991, 'The Entrepreneurial Organization', in: ed. Mintzberg and Quinn, *The Strategy Process*. Engelwood Cliffs, N.J.: Prentice-Hall, 604-613; and Naffziger and Kuratko, 1991. 'An Investigation into the Prevalence of Planning in Small Business', *Journal of Small Business and Entrepreneurship*. vol. 3, no. 2. 99-109.

<sup>13</sup> Olson and Bokor, 1995, l.e., 37.

<sup>14</sup> 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, 34 and 40.

<sup>15</sup> Robinson and Pearce. 1988, 'Planned Patterns of Strategic Behavior and Their Relationship to Business-Unit Performance'. *Strategic Management Journal*, vol. 14, no. 4, 43-60.

<sup>16</sup> See Crijns. J-I, and Ooghe. H.. 'Entrepreneurial Companies as Job Creators in Belgium: the processes of professionalization of management and institutionalization of ownership', and Hufit, E.M., '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, June 1997.

<sup>17</sup> 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 - economic en bedrijfskunde, Schoonhoven - Holland, p. 286.

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