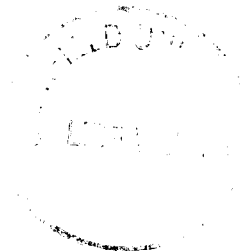




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**SWP 11/88      THE START - UP**

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## THE START-UP

Sue Birley

Starting a business is not an event, but a process which may take many years to evolve and come to fruition. Very few people are born entrepreneurs and very few new businesses are unique. Yet each year, it is estimated that, for example, more than 100,000 new firms are started in the UK. Whilst many do not survive beyond the first few difficult, formative years, many continue to grow and to provide a livelihood for the owners and for the employees. However, few of these grow to be the large firms of the future, or, indeed, beyond the ownership of the original founders. This is despite the widening availability of the new Unlisted Securities Market [USM] and the Over the Counter [OTC] Market, set up to trade in the shares of those firms of insufficient size to obtain a full quotation on the Stock Market. The study of 'start-up' is therefore concerned with two issues: first, the process by which an individual arrives at the decision to try to develop a business out of an idea; and second, the process of assembling the resources necessary to begin trading.

### THE ENTREPRENEUR

Earlier studies of the origins of the entrepreneur concentrated almost entirely upon their motivations. It was assumed that the entrepreneurial flair, the ability to take risks, and the desire to create a business, were inherent in the individual - he was

born with them. This motivation was described by Schumpeter[1934] as an 'innovative' drive, by McLelland [1961] as a 'need for achievement', and measured by Rotter [1966] as 'locus of control'. However, McLelland also showed that whilst these motivations were essential for the successful creation of business, they were not genetically bound. In his experiments, those groups which received his achievement motivation education demonstrated a larger supply of entrepreneurs than his control group which had not received the training. Thus evolved the idea that entrepreneurs were made rather than born; that lifetime experiences were just as important as genetic influences.

Cooper [1981] provides the most comprehensive and useful framework for explaining the various factors which may contribute to the "entrepreneurs decision". He classified them into three groups -

1. "The entrepreneur, including the many aspects of his background which affect his motivations, his perceptions, and his skills and knowledge.
2. The organisation for which the entrepreneur had previously been working, whose characteristics influence the location and the nature of new firms, as well as the likelihood of spin-offs.
3. Various environmental factors external to the individual and his organisation, which make the climate more or less favourable to the starting of a new firm."

Cooper defined these three groups as Antecedent Influences, the Incubator Organisation, and Environmental factors. [See Figure 1]

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Insert Figure 1 About Here  
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Despite this, little is known about the actual characteristics described by Cooper. The answer to the questions on the lips, and in the minds, of every investor - "how can we pick winners?" - remains elusive. Whilst the motivations of entrepreneurs have been studied extensively, there is, as yet, little known about the lifetime characteristics. Moreover, much is culturally bound, being grounded almost exclusively in the United States.

Nevertheless, the limited data which is available regarding background tends to support the popular view that entrepreneurs are usually first children, from a family firm background. This result is intuitively acceptable since such strong grounding in the business and ownership ethic at an early age is a useful and powerful driving force for children as they begin to choose future careers. However, this is not to say that all children from family firms choose business ownership as a future career, but rather that those who do choose self-employment tend to have had some involvement in a small or family business during their formative years. Indeed, many future inheritors of family firms eschew the apparently attractive future which awaits them for employment with some other, often large organisation where their

progress is determined by their skill and training rather than by family relationships. [See Birley, 1986]

The traditional view of the entrepreneur is as an uneducated, unskilled, poor, immigrant, often with an ethnic background, who finds himself 'socially marginal', [Stanworth and Curran, 1976] and who therefore seeks upward social mobility. Whilst it is true that certain social groups have provided classic examples of this phenomenon - Jews, American settlers, Asians in Britain - it is not true that this is sustained in the current economic climate. For example, conclusions regarding education have changed since the early studies of Collins, Moore and Unwalla [1964] showed that the entrepreneur was badly educated. Recent studies have found the entrepreneur to be better educated than the population in general [Kent, Sexton, Van Auken and Young 1982, Gartner 1984], and than his peers running the larger, blue chip firms [Birley and Norburn 1986]. It must be noted, however, that the particular content of the education does not appear to be an important factor. Thus, Birley and Norburn found no connection between the type of degree awarded and the nature of the product/market of the new firms. Moreover, there is, as yet, no evidence that those students in MBA programmes who chose small business or start-up electives are any more likely to be successful in running their own firm than their colleagues choosing other specialities to study.

Regarding age, there is general agreement that the typical entrepreneur starts his firm in his 30's. Whilst it would appear

that this a period of very high risk, when the individual is likely to be at his most financially stretched, it is also clear that this is the age when a strong base of business experience has been developed, when personal confidence is rising, and when frustration with the bureaucratic system begins to develop. Moreover, it is not surprising that this is also a time when many reach a personal crisis in their lives - the issues of 'who am I?', what have I done with my life?' are very powerful and positive motivators.

The data which examines incubator organisations is inconclusive. Thus Teach, Tarpley and Schwarz [1985] reported that 40% of the respondents in their sample came from firms employing more than 1000, and that only 41% created firms in related industries. Birley and Norburn [1986] reported that "no particular pattern was observed in the employment experience of the high flying entrepreneurs" which they studied. The mean number employed in the incubator firms was 6100, 43% started firms in competition with their previous employer, whilst 37% had no identifiable relationship.

#### **ENTREPRENEUR OR SMALL BUSINESSMAN?**

If the thesis that entrepreneurs are made rather than born is accepted, then lifetime experiences must also mould the nature of the entrepreneurial decision, and the size and type of business eventually created. Researchers have sought to explain the variety of businesses created in terms of sub-classifications of motivation - not all those who choose to leave employment do so

in order to create the IBM of tomorrow. Many, indeed most, have much more modest aims. Various models have been suggested. Stanworth and Curran [1976] delineate the "artisan" who seeks intrinsic satisfaction, from the "manager", who seeks recognition for managerial excellence, from the "classic entrepreneur" who is profit oriented. Similarly, Dunkleberg and Cooper [1982] segment into the "growth oriented", the "independence oriented", and the "craftsmen oriented". Perhaps more simply, Carland, Hoy, Boulton and Carland [1984] focus upon the essential factor of growth in distinguishing the small business venture from the entrepreneurial venture, and the "small business owner" from the "entrepreneur".

"A Small Business Venture is any business that is independently owned and operated, not dominant in its field, and does not engage in any new marketing or innovative practices.

An Entrepreneurial Venture is one that engages in at least one of Schumpeter's [1934] four categories of behaviour: that is, the principal goals of an entrepreneurial venture are profitability and growth and the business is characterised by innovative strategic practices.

A Small Business Owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of

his or her personality, intricately bound with family needs and desires.

An Entrepreneur is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterised principally by innovative behaviour and will employ strategic management practices in the business."

It is clear from the above that the study of the entrepreneur is not tidy, and that there are no easy formulae to help in the difficult task of picking the winners - those entrepreneurs who can, and wish to, start the large firms of the future.

#### **MOVING FROM PASSIVE TO ACTIVE**

So far, this chapter has argued that the motivation to start a new firm, and the development of associated product idea, take many years to incubate. The corollary to this is the fact that the supply of entrepreneurs is not a fixed quantity, but can be influenced by external factors. On a national level, the role of national culture, acceptable norms of behaviour, and traditional family relationships clearly influence individual attitudes. Moreover, the availability of attractive role models such as Richard Branson or Stephen Jobs, and the much publicised success of the management buy-out have made significant contributions to shaping national attitudes to entrepreneurial behaviour. However, beyond this, Cooper [1981] suggests that the current economic climate is also an important factor in influencing the number of



people who finally decide to move from either unemployment or employment to self-employment. Thus, the mere fact that many large firms have substantially reduced their employee base, that management at all levels can no longer look to the large firm as a source of long-term security, has meant that many have sought a new form of security - that of self-reliance through the ownership of their own firm.

The factors described above determine the total supply of new firms, but what are the factors which TRIGGER the particular decision at a particular time? Listed below are some which this author has observed on a number of occasions, and personally experienced on a few.

1. The "It works" syndrome. A product which has been worked on for many years, either as a hobby or at work, finally gels.
2. The "Eureka" syndrome. Perhaps the most exciting and satisfying - an idea completely out of the blue, but which is often simply a new way of packaging old products or ideas.
3. The "if only" syndrome. If only I could buy product in smaller packages [Anita Roddick].... If only I could call a reliable service for emergencies [DynoRod!].
4. The "high comfort level" syndrome. Constant encouragement from family and friends.

5. The "friendly push" syndrome. The individual has constantly talked about an idea, and suddenly the path is made clear. Resources are made available by benevolent employer in the form of, for example, premises or orders: friends and family begin to disbelieve the intent, and the individual is finally forced to make a decision one way or the other: entrepreneurship courses are offered as a way of testing the idea and formulating a strategy for market entry.
6. The "misfit" syndrome. The fact that the person does not fit as an employee finally dawns upon him. He is unhappy, does not get promotion, fights authority, always believes that he could do the job better than those around him.
7. The "unfriendly push" syndrome. Unemployment or enforced redundancy.
8. The "no alternative" syndrome. This is usually brought about by physical disability or illness, rendering the person unable to obtain regular employment, or to continue a career.
9. The "grey to white" syndrome. Many people 'moonlight' - sell products or services on the fringes of the black economy whilst in full employment. For example, the amateur antique dealer, the trainee accountant who does the books of a couple of friends, the hairdresser who has private clients in the evenings. Sometimes, however, the

magnitude of the demand, and thus the income, can force the individual from the fringes into full-time self-employment.

Unfortunately, whilst these triggers clearly describe the process which many entrepreneurs go through as they move from the passive consideration of an idea to actively pursuing it, they cannot be used for forecasting either the potential start-up or the potential success. Thus, whilst the classic view of the entrepreneur is of a misfit and troublemaker within a large organisation, it does not follow that all misfits will eventually start businesses, nor that those who do will eventually prove to be successful.

#### THE RESOURCE MERRY-GO-ROUND

Just as the process of reaching the decision to "have a go" can be protracted, so is the process of actually assembling the resources necessary to commence trading. The entrepreneur begins with an idea for a product or a service out of which he wishes to create a business. Unfortunately, the process is not simple. Many different forms of business can be created to capitalise upon just one idea. For example;

- \* parts or all of the manufacture and marketing can be subcontracted, licensed or franchised.
- \* a joint venture can be set up with either a manufacturing or a marketing company.

- \* the business can include more than one part of the value added chain [the manufacturer of Kitty Litter in the USA also owned the raw material source; Laura Ashley is a manufacturing and retail organisation].
- \* various choices of distribution channel are available - for example, mail-order catalogues, retailers, wholesalers, agents, a direct sales force.
- \* assets can be leased, hired, bought or borrowed.....!

The choices made, and the resultant shape and size of the business which is eventually created will be influenced by a combination of the following factors;

1. The entrepreneur's own "concept of the business".

Very few people who start their own firm are able to be creative about its form. Most have very fixed ideas about the "proper" shape of the business, much of which is derived from personal experience of the norms of other, similar businesses, but particularly of their immediate previous employment. However, whatever the entrepreneur's background, there is often a tendency to purchase assets early in the life of the firm rather than to lease or hire. Whilst this is not always advisable, since it is often better to retain as much flexibility as possible in the early life of the business, it is often the only way to ensure future borrowings - tangible asset backing is almost always sought by funding agencies. [See below]

2. The entrepreneur's motivations.

There is nothing more frustrating to an investor who finds an idea which he considers to have great potential, only to discover that the entrepreneur merely wants to run a small workshop at the bottom of his garden, and to sell to a few friends and acquaintances. Many potential large businesses have been still-born at this very early stage.

3. The dictates of the market-place.

The size of the potential demand, particularly in the development phase, will determine the nature of the resources assembled.

Perhaps most important of all, however, is the entrepreneur's ability to ride successfully the RESOURCE MERRY-GO-ROUND [Birley and Norburn 1985]. See Figure 2 below.

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Insert Figure 2 About Here  
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In the final analysis, creating a business is about assembling resources - people, premises, equipment, customers, suppliers, money. Unfortunately, only the very rich entrepreneurs are able to assemble an ideal shopping list, and to make swift and satisfactory purchases. Indeed, if this were the case, many more badly conceived and executed businesses would be born than is

currently the case. The process of assembling the resources is critical.

The entrepreneur mounts the merry-go-round at any point. Let us imagine that he goes first to the bank, probably with an ill thought-through proposal, and very little documentation. He is sent away with a flea in his ear, and told to come back when he has evidence of an order. The banker is asking for evidence from the market-place that the product is credible. Approaching potential customers he is asked questions about, for example, reliability, availability, price, marketing support, product insurance, and, perhaps more embarrassing, he is asked to produce both product and previous satisfied customers. Unable to produce product without equipment and premises, he approaches potential suppliers, only to be told that suppliers of equipment will require cash [he has no trading record with them], and landlords require bank guarantees - and the loop is closed. The picture clearly looks bleak. How, then, do any new businesses emerge?

#### **THE ENTREPRENEURIAL NETWORK**

In an article in the Harvard Business Review [1979], Vesper warns us not to overlook the "experience factor" as a source of new venture ideas. He underlines the point -

"instead of searching randomly, as many popularised entrepreneurship books seem to suggest, the entrepreneur should closely examine his or her own education, work experience, and hobbies as idea sources. The large majority of

the entrepreneurs [which he] studied primarily used their own expertise rather than that of others."

This point is of fundamental importance. The "experience factor" is not only of value in selecting new venture ideas, but also in providing a framework for evaluating their viability, for stepping off the credibility roundabout, and establishing the business. Credibility is established through personal contact and knowledge of the skills, motivation and past performance of the individual - the bankers call this the "track record". Since for an embryo firm there is no trading track record, investors must look to their previous relationship with the individual, whether it be commercial or personal. Thus, for example, a previous employer may agree to be the first customer, a friend may allow use of spare office space, or a relative may be prepared to lend money with little real hope of a return in the short or even medium term [in the UK, the "Aunt Agatha Syndrome"].

This use of the existing contact network is a way of providing credibility, and thus comfort, to those organisations which are being asked to invest in the business by, for example, supplying raw materials on credit. It comprises two parts - the formal [banks, accountants, lawyers], and the informal [family, friends, business contacts] - both of which are equally important.

However, in her study of start-ups in St. Joseph County, Indiana, [Birley 1985], this author found that -

"Informal contacts, mainly business contacts, are seen overall to be the most helpful in assembling the elements of the business.

Family and friends are the most useful where local issues were concerned, as with the seeking of location and employees.

The formal sources come to the fore when the elements of the firm are set and the entrepreneur is seeking to raise finance. It is hardly surprising, therefore, that the institution mentioned most of the time was the bank.

All other formal, declared sources of help, including the SBA [Small Business Administration], were mentioned on very few occasions."

Clearly, a strong informal or social network is essential for the successful launch of the firm. Aldrich and Zimmer [1985] -

"The approach we take ..... focuses on entrepreneurship as embedded in a social context, channelled and facilitated or constrained and inhibited by people's positions in social networks."

Further, they note that these social networks have an influence not only on the individual entrepreneurial decision, but also upon the total supply -

"Voluntary associations, trade associations, public agencies, other social units increase the probability of people making connections with one another.....The complex pattern of



social organisation described by Everett Rogers and Judith Larson in their book Silicon Valley Fever illustrates the synergistic effects of brokers, central meeting points - such as well known 'watering holes' and restaurants - and family and friendship networks that supported the high start-up rate in the Silicon Valley."

Unfortunately, despite the meteoric growth of Enterprise Agencies in the United Kingdom, and Small Business Development Centre in the United States, both of which were formed to provide advice and assistance for the new and small firm, these networks are not built up overnight. Aldrich and Zimmer continue -

"Social networks build slowly, and thus it could be years before an area reaches an density threshold where reachability and hence entrepreneurship is facilitated. Formal studies are lacking, but it is our impression that the time to maturity for the Silicaon Valley [in California] and the Route 128 complex [in Boston] was several decades. Accordingly, we expect the Research triangle of North Carolina to age another decade or so before any significant entrepreneurial activity occurs. At present, the spin-off and new start-up rate appears very low."

This casual empiricism would appear to apply in the United Kingdom also. Despite the recent publicity surrounding the 'Cambridge Phenomenon', it is some twenty years since the original seeds of the project were originally sown.

#### **STUMBLING BLOCKS**

A new business, entering a hostile environment is a delicate entity. Many embryo businesses fail to raise the necessary resources to commence full-time trading, and many new businesses fail in the first two or three years. The common received wisdom is that this is due to the unwillingness of the investing community, be it clearing banks, venture capital companies, or financial funds, to put up seed capital. The response from these organisations is that there is plenty of money eagerly seeking good investment ideas, but that there are very few around. There is an element of truth in both of these. Unfortunately, entrepreneurs often approach investors too soon, and financial investors too often dismiss good ideas because they are presented without a formal business plan. It is not the purpose of this chapter to debate this issue, but merely to outline a number of the most common stumbling blocks along the way from an idea to a viable business.

The question as to whether the business will work must be approached from three separate, but interlinked, dimensions - The Product, The Package, and The Person.

### 1. The Product

\* Will it work? The step from the workshop bench to commercial production of a product can be very large. The ability of the entrepreneur to "bodge" when things go slightly wrong is important in the early design stages, but this is not an appropriate skill in a factory. Customers expect uniform quality and reliable performance for the products which they buy. Indeed,

they expect the firm to provide some form of product indemnity. Thus there are three issues which the entrepreneur must consider

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1. Can the required skills be transferred to others at a reasonable cost?
2. What product indemnity is necessary, and what will be the cost of insuring the firm against claims.
3. What service support is needed in the case where repairs are necessary?

Whilst these questions are important for all firms - for example, liability insurance is an often ignored issue in service firms - they are particularly important for those firms with a complex manufacturing process.

**\* How well is the entrepreneur protected?**

Patents, copyright, registered trade names are all ways of affording some protection against predators. But too often entrepreneurs fail to protect themselves adequately. The most common argument against registering patents goes as follows:

They are too expensive, they give my competitors too much information, and I couldn't afford to sue even if they did break the patent.

Whilst this may be true in certain cases, and, indeed, getting the product to market as fast as possible may be the best protection possible, the important point is that establishing

ownership of the product or idea is of fundamental importance in maintaining a competitive advantage. Too many entrepreneurs avoid the issue.

## 2. The Package

Many ingredients are necessary in the translating of an idea into a viable business and it is the "baking" - the packaging of resources and the strategy adopted - that determines future viability. Certain issues, however, are common;

### **\* Is there a genuine need?**

The identification of market potential is fraught with difficulties, and this is even more so for a new business, even in those cases where the product itself may be well established. The relationship between price, product characteristics and market share is difficult to capture in a dynamic market environment, and to translate into forecasts of revenue. However, the most important issue is whether the entrepreneur knows and understands his marketplace, and whether he has collected data which is appropriate to evaluating the viability of the business. Thus, expensive market research studies are often unnecessary in situations where the total market is large and established, and the entrepreneur is concerned to obtain a minute proportion of a local market. Conversely, a new, high technology, expensive product which has few potential customers will require a detailed study of the market place. In both cases, however, the entrepreneur should be concerned to ascertain whether his product

will sell, and for this purpose there is no substitute for orders. Indeed, potential investors will be most impressed by such tangible evidence that the product is credible to customers.

**\* What is the market entry strategy?**

In the early days, the entrepreneur is attempting to establish the credibility of himself and his firm through the medium of his product. "Product" in this case refers to the entire range of the marketing mix - product characteristics, price, promotion and place, or channels of distribution. Therefore, a market entry strategy which is flexible, and which allows for adaptation to customer reactions, is extremely important.

**\* What is the best business format?**

Unfortunately, the best business format may not fit with the needs of the entrepreneur. Setting up a new manufacturing plant in a market dominated by large firms, both at the manufacturing point and, more importantly, at the distribution point, may well be courting disaster. On the other hand, a joint venture or a license agreement with one of the firms could increase the chances of a successful launch quite substantially. It is often necessary, therefore, to separate the personal and commercial reasons for the choice of a particular strategy.

**\* How long will it take?**

At the risk of appearing flippant, the answer to this question is usually "twice as long as you think!". It may be the most

important thing in the entrepreneur's life, but the same can not be said of others. Moreover, this applies to both resources and sales. For example, lawyers can take an interminable time to negotiate leases; suppliers are not always reliable [after all, the entrepreneur is unlikely to be an important customer]; printing cannot take place until the firm is registered for VAT - which takes time. However, perhaps the most underestimated factor in most start-ups is the time taken for the market-place to react to a new product. Cash flows can very quickly go severely awry, not because there is no demand, but because it takes, say, six months longer than anticipated to build up sales; six months during which employees and suppliers have to be paid.

**\* What are the various legal forms of business?**

Basically, there are four -

1. Sole Proprietorship
2. Partnership
3. Incorporation or Limited Liability
4. Co-operative or Common Ownership

The main differences are two-fold, the first concerning the nature of the taxation. In a sole proprietorship or a partnership, the law does not distinguish between the individual and the firm. Therefore, tax will be paid at the personal tax rates of the owners. Moreover, when a business is set up in the UK, any losses in the early years can be offset against the

previous three years taxable income. An incorporated firm is seen as a separate entity which therefore pays corporation tax.

The second difference concerns the nature of the liability. In theory, in a limited liability firm any debts which the firm incurs are limited to the assets of the firm. This is not the case for the other entities. However, this has been severely eroded by recent company and insolvency legislation. Further, the bank manager, landlord, and possibly suppliers may demand personal guarantees before they will agree to trade with the new firm.

**\* What do I do when things go wrong?**

Things will almost certainly go wrong. Few entrepreneurs can forecast all possible problems, and even when they can, provide adequate contingency plans. However, a successful entrepreneur will not only know his business sufficiently to know what are the most sensitive areas, but also learn from his mistakes. Moreover, it is no use trying to hide them from his investors. Few investors, whether they be the local clearing bank or a venture capital fund, expect the business plan to turn into exact reality, but they do expect to be kept informed. They most certainly do not like surprises.

**\* Help!**

Yes, there is help around. The traditional sources of advice and assistance for any firm come from professional relationships - the accountant, the bank, the lawyer, the customer or the

supplier. However, each of these sources are likely to view the firm from a particular, technical bias; until recently, few professional advisors were set up to give general commercial advice. Moreover, the type of advice, assistance and information which the new firm requires can be both time consuming, and cover a wide spectrum. Therefore, in recent years in both the United Kingdom and the United States, there has evolved a range of advice, assistance and education focussed particularly on the new firm and financed, at least in part, by Government. A diagrammatic representation of the sources of help available to the entrepreneur is seen in Figure 3.

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Insert Figure 3 About Here  
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### 3. The People

We end where we began. Small firms, new firms are about people - their goals, needs, skills are inextricably intertwined with those of the firm.

#### **\* Are partners necessary?**

This is probably the wrong question. The important question is whether the firm has the necessary combination of managerial and technical skills, and whether the people involved are committed. They do not necessarily all have to own equity. Indeed, whilst the "greedometer" can start running fairly early in the life of the firm, involving others can create severe problems in the



future. A partnership is all too like a marriage, which many enter into with insufficient thought. There are two essential ingredients to a successful partnership.

1. **Clear Power.** The managerial roles of each of the partners should be clear and understood, particularly for those activities which fall outside their traditional skills. Thus, if one partner is responsible for selling, and one for manufacturing, cash control should not be allowed to fall between the two.
2. **Common Goals.** Few partners discuss their future needs and goals. Yet this is often the eventual cause of substantial friction. For example, if one partner merely wishes to provide a comfortable lifestyle for himself and his family, whilst the other wishes to grow a large firm, there will be disagreements as to the level of re-investment in the firm in the future.

Beyond this, however, is mutual respect, and the ability to resolve conflict. Too many assume that a cosy professional or personal relationship will survive the rigours of launching a firm. Often, it does not. Therefore, one document is essential at the formation of a partnership in establishing guidelines for the future - a LEGAL PARTNERSHIP AGREEMENT which also incorporates a formula for dissolution.

**\* Can anyone pick winners?**

Yes, but not all the time. Moreover, it is neither easy nor totally scientific. Whilst it is always possible to evaluate the

various elements of the product and the package, and thus narrow the bounds of risk, in the end it is a question of judgement. Does the entrepreneur have the necessary skills, greed, hunger, determination, stamina and energy to see it through? Do you.....?!?

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**Figure 1. Influences on the Entrepreneurial Decision**

**Antecedent Influences  
Upon Entrepreneur**

1. Genetics Factors
2. Family Influences
3. Educational Choices
4. Previous Career Experiences

**Incubator Organization**

1. Geographic Location
2. Nature of Skills and Knowledge  
Acquired
3. Contact with Possible Fellow  
Founders
4. Motivation to Stay With or Leave  
Organization
5. Experience in a 'Small Business'  
Setting

**Environmental Factors**

1. Economic Conditions
2. Accessibility and Availability  
of Venture Capital
3. Examples of Entrepreneurial  
Action
4. Opportunities for Interim  
Consulting
5. Availability of Personnel and  
Supporting Services;  
Accessibility of Customers

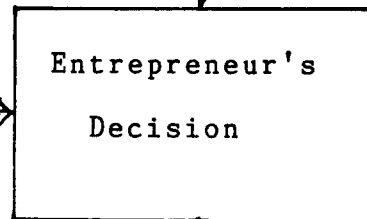


FIGURE 2

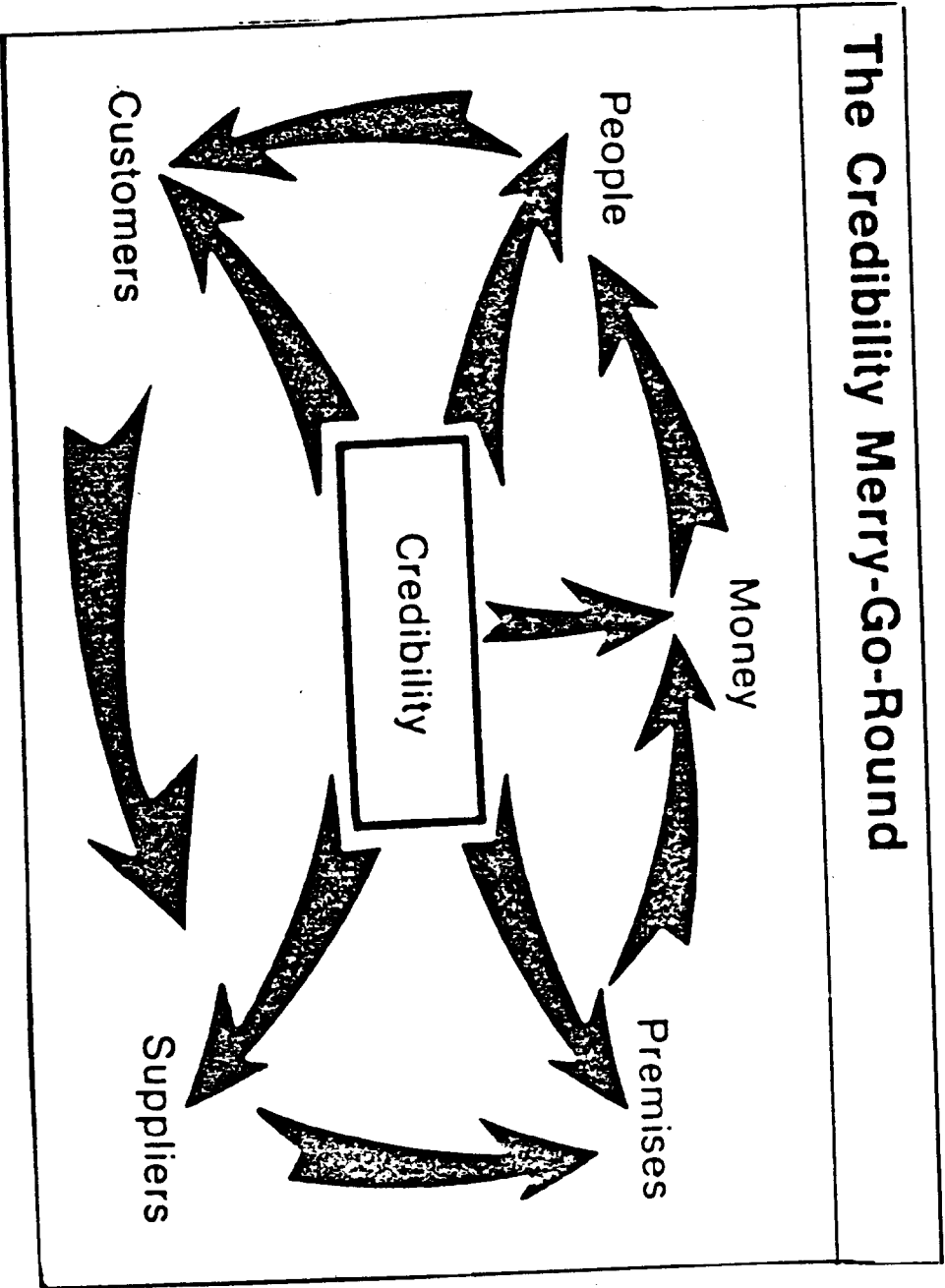


FIGURE 3

Formal Sources of Help for the Entrepreneur

