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# Entrepreneurial-Managerial Competencies and Practices of Growing SMEs

by

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May 1998

<http://strategis.ic.gc.ca/SSGF/ae00292f.html>

**Supported by :**

Industry Canada, ESBO  
Federal Office of Regional  
Development (Québec)  
Business Development Bank of  
Canada

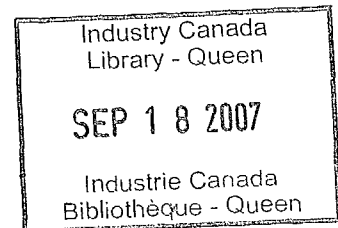
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Atlantic Canada Opportunies  
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# **Entrepreneurial-Managerial Competencies and Practices of Growing SMEs**

## **An Empirical Study**

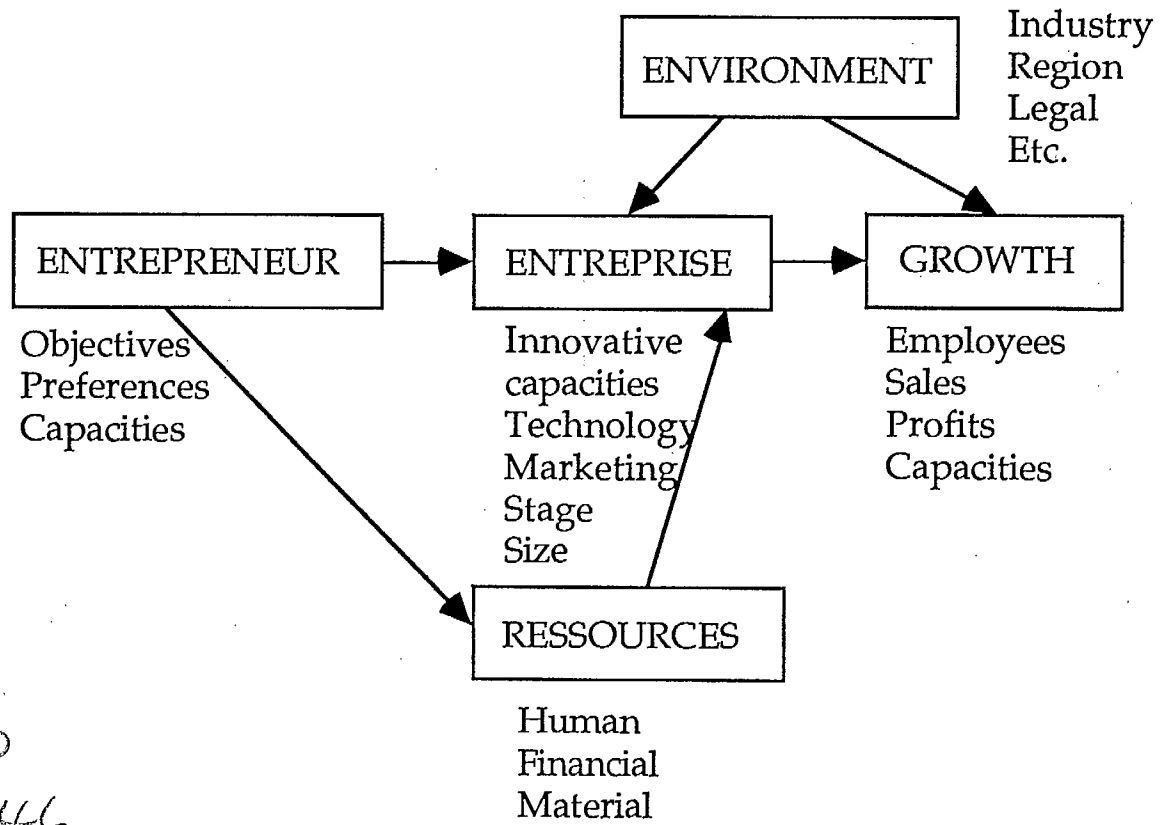
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### **OBJECTIVE**

To identify the major core competencies and best management practices for mastering the growth and development of an enterprise.

# Dimensions in business growth



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## MODEL

A model, derived from the literature, has been developed for this research.

It shows five fundamental dimensions:

- the entrepreneur's vision
- the management of the people who make up the firm
- the methods and practices used
- the resources to deal with
- the strategies to be set and implemented

Each dimension has been subdivided into a number of core competencies

# ENTREPRENEURIAL - MANAGERIAL COMPETENCIES

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POSITIONING  
(mission / market)

ADAPTING  
(managing transitions,  
turnaround, renewal)

## VISION

STRATEGIC PLANNING  
(focus, goal-setting,  
evaluation)

## LEADERSHIP / MOTIVATION

(communication,  
empowerment,  
achievement  
orientation)

## PEOPLE

LEARNING  
(continuous  
improvement, training,  
research)

ORGANIZING  
(structuring,  
teamwork)

## OPERATIONS

DECISION-MAKING  
(methods, problem-  
solving analysis)

MANAGING  
(process, supervision,  
delegation, system,  
quality)

COGNITIVE ABILITY  
(information  
processing,  
networking,  
partnering)

## RESOURCES

FINANCING CAPABILITIES  
(access, control,  
budgeting)

TECHNICAL CAPABILITIES  
technology, trade and  
Industry knowledge)

## STRATEGIES

INNOVATIVENESS  
(new products and  
services, markets and  
customers)

ENTREPRENEURSHIP  
(opportunities  
recognition, market  
awareness)

## Methodology

- ★ SMEs between 3 and 315 employees
- ★ Data collected between May and September 97
- ★ Face to face interviews with entrepreneurs for two hours
- ★ Research Instruments :
  - I - Interview Schedule
  - II - Inventory of Entrepreneurial and Managerial Competencies

# Sample

- ★ 63 Firms : 32 Traditional  
31 New economy
- ★ 71 % founded after 1980
- ★ 84 % founded by entrepreneurs ; 74 % with partners
- ★ Activities : 48 % assembling / manufacturing  
27 % development / design  
13 % retailing  
17 % services
- ★ Size : 93 = 44 DW + 10 OP = 54 employees  
96 = 77 DW + 19 OP = 96 employees
- ★ Growth : 75 % Direct workers  
91 % Other Personnel

## Stages of Development

- ★ Start-up / Survival : 12 (19 %)  
NE = 8  
75 % founded after 1990
  
- ★ Growth : 16 (25 %)  
NE = 8  
44 % founded between 1980-1990  
37 % founded after 1990
  
- ★ Expansion : 23 (37 %)  
NE = 13  
30 % founded before 1980  
70 % founded between 1980-1990
  
- ★ Maturity : 12 (19 %)  
NE = 2  
67 % founded before 1980  
33 % founded between 1980-1990



## General Performance 93-96

- ★ Sales increases every year : 87 %
- ★ Profits increases every year : 56 %
- ★ Investment increases every year : 61 %
- ★ Subjective assessment : 76 % above the average of the industry
- ★ Lower limit of net profit over output : 15 %  
Upper limit of net profit over output : 20 %
- ★ Comparisons :
  - Historical results / targets : 34 %
  - Competitors : 32 %
  - Industry : 16 %
- ★ Exports represent 36 % of output
- ★ Shares of the market have increased from 22 % in 93 to 32 % in 96 ; projection for 97 = 48 %

## Entrepreneurs

- ★ 43 % work 46 to 60 hours / week
- ★ 33 % work 61 to 75 hours / week
- ★ 51 % have started other businesses before
- ★ 42 % participate in other businesses
- ★ 58 % were employee in a similar business before
- ★ 61 % are in business to build and create
- ★ 92 % would do the same again
- ★ 68 % mention their professional experience as the most useful for business
- ★ 75 % have an university background
- ★ 55 % have participated in some development programs
- ★ 66 % are between 30-49
- ★ 44 % have won awards of excellence

## Vision / Positioning / Mission

- ★ Clear vision of their business five years from now
- ★ Key words :
  - Growth and Development = 77 %
  - World market = 24 %
  - People concern = 24 %
  - Leadership = 23 %
- ★ Vision shared and means put in place
- ★ Pricing and products / services positioning perceived as critical (42 %)
- ★ Mission statements include :
  - Customer satisfaction : 46 %
  - Quality : 40 %
  - Innovation : 30 %
  - Leadership : 27 %
  - World market : 22 %
- ★ Mission statement posted : 80 %

## Strategic Planning and Objectives setting

- ★ General Objectives :
  - Growth : 67 %
  - Profitability : 38 %
  - Innovation : 33 %
  
- ★ Objectives statement posted : 79 %
  
- ★ Sales Planning and Promotion perceived as a crucial competency for business : 44 %
  
- ★ Future expansion is planned by 52 % and future acquisitions by 47 %

## Leadership and communication

- ★ Interpersonal Skills are rated second highest competency
- ★ Critical competencies for success :
  - climate setting : 51 %
  - delegating and coaching : 38 %
  - effective communication : 38 %

## Learning / training

- ★ 76 % have procedures for training :
  - Continuous Education : 62 %
  - On-the-job : 58 %
  - In-house programs : 58 %
  
- ★ Training in technical areas : 67 %
  
- ★ Activities devoted to the evolution of the domain of business : 19 %
  
- ★ 84 % spend up to 5 % of salaries in training yearly
  
- ★ Ways of acquiring new knowledge / skills for entrepreneurs :
  - Partners from within : 46 %
  - Training / Education : 44 %
  - Outsiders : 38 %
  - On-the-job : 30 %

# Organizing

- ★ Written Plan : 89 %
- ★ Horizon of Planning, one year and less
  - Operations : 73 %
  - Marketing : 70 %
  - Finance : 85 %
  - Personnel : 82 %
- ★ Organization Chart : 75 %
- ★ Written Job Descriptions : 60 %
- ★ Hiring Procedures : 68 %
- ★ Personnel Evaluation : 67 %
- ★ Changes in structure in the past three years : 74 %
- ★ Organizational concept changed : 62 %
- ★ Administrative skills rating : 4/5

## Managing / Decision -Making

- ★ General Management as the main function : 44 %
- ★ Decisions based mainly on perceptions and feelings : 91 %
- ★ Consultation in Decision-Making :
  - Partners : 84 %
  - Employees : 32 %
  - Outsiders : 26 %
- ★ Entrepreneurs are making final decisions in :
  - Strategies : 82 %
  - Finance : 56 %
  - Conception / design : 41 %
  - Human Resources : 31 %
- ★ Problem solving competencies are perceived critical for success by 44 %



## Cognitive Ability / Alliances / Information

- ★ Cognition and information processing competencies are rated high (4,1 / 5)
- ★ To be able to comprehend the global parameters of a given situation is highly rated (4,8 / 5)
- ★ The ability to actively seek to widen and build business connections is rated 4,7 / 5
- ★ for 38 % of entrepreneurs, it is critical for success to be able to develop, negotiate and manage strategic alliances
- ★ 67 % project future alliances with strategic partners

## Financing Capabilities

- ★ Financial Skills are rated 3,9 / 5
- ★ Critical for the success of their business are :
  - cash control : 42 %
  - cost system : 36 %
- ★ Preferences for sources of funds for expansion :
  - Own business' funds : 48 %
  - Financial institutions : 38 %
  - Public financing : 35 %
  - New Partners : 30 %
  - Venture Capital : 8 %

## Technical Capabilities

- ★ Technical capacities are rated 3,9 / 5
- ★ They see themselves to be able (4 / 5) to use and integrate different forms of technology into their business
- ★ R & D activities represent up to 10 % of business figures for 60 % of firms
- ★ R & D activities are performed internally
- ★ The scope of technological changes is rated 3,9 / 5 in their domain of business

## Entrepreneurship / Innovation

- ★ Entrepreneurship is the highest rated core management competencies (4,8 / 5)
  
- ★ They see themselves as being able :
  - \* to set high personal standards : 5/5
  - \* to seek and take initiative, and to be self-reliant : 4,9 / 5
  - \* to be optimistic realist, knowing their weakness and strengths : 4,9 / 5
  
- ★ Innovativeness is rated 3,8 /5
  
- ★ Since 93, 61 % have innovated between 1 and 3 products ; 39 % between 4 and 20 products
  
- ★ Main Strategic Orientations :
  - Product / Service differentiation : 60 %
  - Mix strategy : 54 %
  - Innovativeness : 38 %
  - Price : 27 %

# APPENDIX-1

TABLES

Entrepreneurial-Managerial  
Competencies and Practices of Growing SMEs

by

Stages of Development

TABLE 1

Sample of Enterprises by stages and by sectors

SECTORS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
New Economy	8	8	13	2	31
Traditional	4	8	10	10	32

TABLE 2  
Year of founding of enterprise

PERIODS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Before 1980	0 %	19 %	30 %	67 %	29 %
Between 1980-1990	25 %	44 %	70 %	33 %	51 %
After 1990	75 %	37 %	0 %	0 %	20 %

TABLE 3  
Foundation of Enterprise

FOUNDER/ ACQUISITION	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Entrepreneur (Respondent)	100 %	81 %	83 %	75 %	84 %
With partners	83 %	62 %	68 %	89 %	74 %
Family members		40 %	14 %	44 %	26 %
Friends			22 %		12 %
Outsiders		60 %	64 %	56 %	62 %
Started from scrath	83 %	86 %	80 %	82 %	83 %
Bought it	8 %	14 %	20 %	18 %	16 %
Franchise	8 %				2 %



TABLE 4  
Form of Enterprise

LEGAL STRUCTURES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Sole proprietorship	17 %		9 %	8 %	8 %
Partnership	17 %	13 %		8 %	8 %
Company	67 %	87 %	91 %	84 %	84 %
Number of Associates	100 % (1, 2)	100 % (1)		100 % (3)	75 % (1, 2) 25 % (3)
Number of shareholders	63 % (1-3) 0 % (1000 +)	71 % (1-3) 0 % (1000 +)	55 % (1-3) 5 % (1000 +)	50 % (2-3) 20 % (1000 +)	60 % (1-3) 6 % (1000 +)

TABLE 5  
Activities of Enterprise

TYPES OF ACTIVITIES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
<b>Manufacturing/ Assembling</b>	33 % (0 %)	40 % (0 %)	22 % (0 %)	0 % (0 %)	<b>Mean = 48</b>
	42 %	27 %	26 %	33 %	
	(1-50 %)	(1-50 %)	(1-50 %)	(1-50 %)	
	25 %	33 %	52 %	67 %	
	(51-100 %)	(51-100 %)	(51-100 %)	(51-100 %)	
	Mean = 33	Mean = 33	Mean = 54	Mean = 69	
<b>Development/ Design</b>	25 % (0 %)	29 % (0 %)	27 % (0 %)	50 % (0 %)	<b>Mean = 27</b>
	50 %	42 %	59 %	50 %	
	(1-50 %)	(1-50 %)	(1-50 %)	(1-50 %)	
	25 %	29 %	14 %	0 %	
	(51-100 %)	(51-100 %)	(51-100 %)	(51-100 %)	
	Mean = 35	Mean = 38	Mean = 26	Mean = 7	
<b>Retailing</b>	67 % (0 %)	71 % (0 %)	56 % (0 %)	50 % (0 %)	<b>Mean = 13</b>
	25 %	14,5 %	44 %	40 %	
	(1-50 %)	(1-50 %)	(1-50 %)	(1-50 %)	
	8 %	14,5 %	0 %	10 %	
	(51-100 %)	(51-100 %)	(51-100 %)	(51-100 %)	
	Mean = 17	Mean = 17	Mean = 5	Mean = 17	
<b>Services</b>	75 % (0 %)	60 % (0 %)	55 % (0 %)	70 % (0 %)	<b>Mean = 17</b>
	8 %	33 %	30 %	20 %	
	(1-50 %)	(1-50 %)	(1-50 %)	(1-50 %)	
	17 %	7 %	15 %	10 %	
	(51-100 %)	(51-100 %)	(51-100 %)	(51-100 %)	
	Mean = 15	Mean = 20	Mean = 17	Mean = 12	

TABLE 6

Types and Evolution of Products/Services

PRODUCTS/ SERVICES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Manuf. Domestic Products	8 %	50 %	26 %	33 %	30 %
Manuf. Industrial Products	58 %	19 %	39 %	58 %	41 %
Industrial Services	17 %	19 %	26 %		18 %
Domestic Services	17 %	6 %	4 %		6 %
Personalized Prod/Serv.		6 %	4 %		2 %
No Discontinuation Since 93	67 %	50 %	37 %	56 %	50 %
Innovated Since 93	64 % (1-3) 36 % (4-5)	54 % (1-3) 46 % (4-15)	62 % (1-3) 38 % (4-20)	67 % (1-3) 33 % (4-12)	61 (1-3) 39 (4-20)

TABLE 7

Evolution in the number of employees 93-96

YEAR/TYPES OF EMPLOYEES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
<b>Direct workers 93</b>	91 % (0-9) 9 % (10-49) Mean = 6	44 % (0-9) 37 % (10-49) 19 % (50 & +) Mean = 24	4 % (0-9) 26 % (10-49) 70 % (50 & +) Mean = 57	8 % (0-9) 25 % (10-49) 67 % (50 & +) Mean = 82	<b>31 % (0-9)</b> <b>35 % (10-49)</b> <b>34 % (50 &amp; +)</b> <b>mean = 44</b>
<b>Other Personnel 93</b>	100 % (0-9) Mean = 1,7	93 % (0-9) 7 % (10-49) Mean = 2,4	17 % (0-9) 39 % (10-49) 44 % (50 & +) Mean = 13,4	50 % (0-9) 33 % (10-49) 17 % (50 & +) Mean = 19	<b>77 % (0-9)</b> <b>18 % (10-49)</b> <b>5 % (50 &amp; +)</b> <b>mean = 9,7</b>
<b>Direct workers 96</b>	42 % (0-9) 58 % (10-49) Mean = 14,1	0 % (0-9) 56 % (10-49) 44 % (50 & +) Mean = 60,1	0 % (0-9) 39 % (10-49) 61 % (50 & +) Mean = 96	8 % (0-9) 25 % (10-49) 67 % (50 & +) Mean = 126,3	<b>9 % (0-9)</b> <b>43 % (10-49)</b> <b>48 % (50 &amp; +)</b> <b>mean = 77,3</b>
<b>Other personnel 96</b>	92 (0-9) 8 (10-49) Mean = 2,7	63 % (0-9) 37 % (10-49) Mean = 10	17 % (0-9) 70 % (10-49) 13 % (50 & +) Mean = 25	25 % (0-9) 42 % (10-49) 33 % (50 & +) Mean = 34	<b>49 % (0-9)</b> <b>40 % (10-49)</b> <b>11 % (50 &amp; +)</b> <b>mean = 18,5</b>
<b>Growth Direct Personnel</b>	135 %	150 %	68 %	54 %	<b>75 %</b>
<b>Growth Other Personnel</b>	58 %	316 %	87 %	79 %	<b>91 %</b>
<b>Growth Total Employees</b>	118,2 %	165,5 %	71,9 %	58,7 %	<b>78,4 %</b>

TABLE 8  
General Performance

	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Enterprises with Sales Increase	67 %	94 %	100 %	75 %	87 %
Enterprises with Profits Increase	25 %	62 %	74 %	42 %	56 %
Enterprises with Investment Increase	33 %	87 %	65 %	50 %	61 %
Subjective Assessment	83 % (10-100 %) 17 % (101-250 %) Mean=83	0 % (10-100 %) 100 % (101-250 %) Mean=141	13 % (10-100 %) 87 % (101-250 %) Mean=147	18 % (10-100 %) 82 % (101-175 %) Mean=128	24 % (10-100 %) 76 % (101-250 %) Mean=129
Lower limit Profits	23 %	13 %	14 %	13 %	15 %
Upper limit Profits	28 %	16 %	22 %	14 %	20 %
Comparisons with the industry	8 %	20 %	13 %	25 %	16 %
Comparisons with competitors	67 %	53 %	9%	17 %	32 %
Comparisons with historical results	8 %	20 %	22 %	25 %	19 %
Own targets	8 %	7 %	17 %	25 %	15%

TABLE 9

Shares of market and types of customers

SHARES/ CUSTOMERS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Share 93	75 % (1-25 %) mean = 10 %	89 % (1-25 %) mean = 13 %	77 % (1-25 %) mean = 19 %	33 % (1-25 %) mean = 38 %	69 % (1-25 %) mean = 20 %
Share 96	63 % (1-25 %) mean = 24 %	92 % (1-25 %) mean = 14 %	46 % (1-25 %) mean = 38 %	40 % (1-25 %) mean = 43 %	59 % (1-25 %) mean = 31 %
Share 97	60 % (1-25 %) mean = 30 %	71 % (1-25 %) mean = 22 %	44 % (1-25 %) mean = 42 %	33 % (1-25 %) mean = 44 %	52 % (4-25 %) mean = 35 %
Enterprises	50 %	43 %	79 %	60 %	60 %
Public	33 %	14 %	5 %		13 %
Domestic	17 %	43 %	16 %	40 %	27 %

TABLE 10

Percentage of sales by territories

TERRITORIES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
In their Province	Mean = 58 %	Mean = 39 %	Mean = 38 %	Mean = 55 %	Mean = 46 %
In rest of Canada	Mean = 19 %	Mean = 19 %	Mean = 18 %	Mean = 19 %	Mean = 19 %
In the United States	Mean = 15 %	Mean = 32 %	Mean = 27 %	Mean = 18 %	Mean = 25 %
In Europe	Mean = 7 %	Mean = 11 %	Mean = 14 %	Mean = 7 %	Mean = 11 %
In Asia	Mean = 6 %	1 %	Mean = 7 %	Mean = 0 %	Mean = 4 %
In Latin America	Mean = 1 %		Mean = 4 %	Mean = 1 %	Mean = 2 %

TABLE 11

Vision

KEY WORDS/ CLARITY	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Leadership		26 %	32 %	25 %	23 %
Growth/ Development	67 %	88 %	77 %	75 %	77 %
People Concern	9 %	38 %	14 %	33 %	24 %
World Market	17 %	31 %	27 %	17 %	24 %
Innovation	25 %	25 %	9 %	17 %	18 %
Shared	100 %	94 %	100 %	83 %	95 %
Means put in place	100 %	94 %	100 %	83 %	95 %
Level of Clarity (4-5)	42 %	47 %	74 %	50 %	58 %



TABLE 12  
Mission Statement

KEY WORDS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Leader	17 %	25 %	35 %	25 %	27 %
Employee involvement	8 %		9 %	33 %	11 %
Quality	25 %	25 %	44 %	67 %	40 %
World Market	17 %	19 %	30 %	17 %	22 %
Partnership		7 %	4 %	8 %	5 %
Customer Satisfaction	33 %	50 %	39 %	67 %	46 %
Innovation	25 %	32 %	35 %	25 %	30 %
Product names	58 %	56 %	78 %	58 %	65 %
Posted	91 %	80 %	76 %	75 %	80 %

TABLE 13  
General Objectives

KEY WORDS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Growth	58 %	56 %	70 %	83 %	67 %
Profitability	42 %	25 %	52 %	25 %	38 %
Share of Market	8 %	19 %	44 %	8 %	24 %
Human Resources	33 %	13 %	30 %	33 %	27 %
Knowledge Markets	8 %		17 %	8 %	10 %
Image		19 %	13 %		10 %
Innovation	50 %	38 %	30 %	17 %	33 %
Quality	17 %	19 %	35 %	33 %	27 %
Customer Service	17 %	19 %	13 %	25 %	18 %
World Leader	8 %	19 %	22 %	25 %	19 %
Posted	80 %	70 %	91 %	67 %	79 %

TABLE 14

Past and Projected structural changes

STRUCTURAL CHANGES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Past changes in structure	67 %	81 %	74 %	75 %	74 %
Management Personnel Added	50 %	62 %	27 %	38 %	43 %
Org. Concept changed	50 %	77 %	63 %	50 %	62 %
Future Acquisitions	25 %	62 %	52 %	42 %	47 %
Future Mergers	33 %	12 %	17 %	8 %	18 %
Future Expansion	33 %	62 %	57 %	50 %	52 %
Future Alliances	75 %	81 %	61 %	50 %	67 %

TABLE 15

## Preferences for Expansion

FINANCING/ REASONS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Business' Funds	17 %	62 %	52 %	50 %	48 %
Financial Institutions	50 %	31 %	30 %	50 %	38 %
New Partners	42 %	31 %	30 %	17 %	30 %
Public	33 %	34 %	30 %	33 %	35 %
Venture Capital	25 %	0 %	9 %	0 %	8 %
No reasons not to Expand	25 %	43 %	75 %	42 %	50 %
Too risky to Expand	27 %	36 %	15 %	33 %	26 %
Lack of resources for Expansion	50 %	21 %	10 %	25 %	24 %
Sharing top job for Expansion	73 %	75 %	83 %	75 %	77 %

TABLE 16  
Main Strategic Orientations

DIFFERENTIATIONS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Price	8 %	31 %	35 %	25 %	27 %
Product/Service Differentiation	50 %	69 %	61 %	58 %	60 %
Innovativeness	33 %	44 %	44 %	25 %	38 %
Marketing Differentiation	8 %	25 %	30 %	25 %	24 %
Quality	8 %	19 %	13 %	42 %	19 %
Mix Strategy	25 %	56 %	61 %	67 %	54 %

TABLE 17  
Decision-Making

DOMAINS/ CONSULTATION	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Human Resources	46 %	37 %	26 %	18 %	31 %
Finance	73 %	62 %	48 %	46 %	56 %
Conception/ Design	46 %	56 %	39 %	18 %	41 %
Strategies	64 %	69 %	91 %	91 %	82 %
Consult Partners	64 %	100%	84 %	86 %	84 %
Consult Employees	36 %	54 %	26 %		32 %
Consult Outsiders	46 %	29 %	21 %		26 %
Based on Perception and Feelings	92 %	88 %	100 %	75 %	90,5 %

TABLE 18

Procedures for Personnel Administration

PROCEDURES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Written Job Descriptions	58 %	69 %	65 %	42 %	60 %
Hiring	67 %	63 %	70 %	75 %	68 %
Personnel Evaluation	50 %	56 %	83 %	67 %	67 %
Training	55 %	69 %	96 %	67 %	76 %

TABLE 19  
Planning and Organization Chart

FIELDS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
<b>Written Plans</b>	82 %	87 %	91 %	92 %	89 %
<b>Operations</b>	40 % (less than 1 yr) 30 % (1 yr) 10 % (2-4 yrs)	31 % (less than 1 yr) 25 % (1 yr) 13 % (2-4 yrs)	30 % (less than 1 yr) 45 % (1 yr) 25 % (2-4 yrs)	55 % (less than 1 yr) 27 % (1 yr) 9 % (2-4 yrs)	38 % (less than 1 yr) 35 % (1 yr) 16 % (2-4 yrs)
<b>Marketing</b>	33 % (less than 1 yr) 33 % (1 yr) 11 % (2-4 yrs)	25 % (less than 1 yr) 13 % (1 yr) 25 % (2-4 yrs)	25 % (less than 1 yr) 50 % (1 yr) 20 % (2-4 yrs)	40 % (less than 1 yr) 50 % (1 yr)	31 % (less than 1 yr) 39 % (1 yr) 18 % (2-4 yrs)
<b>Finance</b>	50 % (less than 1 yr) 38 % (1 yr) 13 % (2-4 yrs)	19 % (less than 1 yr) 38 % (1 yr) 25 % (2-4 yrs)	30 % (less than 1 yr) 60 % (1 yr) 10 % (2-4 yrs)	36 % (less than 1 yr) 64 % (1 yr)	32 % (less than 1 yr) 53 % (1 yr) 13 % (2-4 yrs)
<b>Personnel</b>	63 % (less than 1 yr) 38 % (1 yr)	31 % (less than 1 yr) 25 % (1 yr) 19 % (2-4 yrs)	30 % (less than 1 yr) 60 % (1 yr) 10 % (2-4 yrs)	30 % (less than 1 yr) 40 % (1 yr) 10 % (2-4 yrs)	37 % (less than 1 yr) 45 % (1 yr) 12 % (2-4 yrs)
<b>Org. Chart</b>	67 %	94 %	74 %	75 %	75 %



TABLE 20

Scope and nature of Training

NATURE/SCOPE	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
On-the-Job	42 %	53 %	62 %	75 %	58 %
In-House Programs	33 %	67 %	52 %	83 %	58 %
Continuous Education	58 %	47 %	81 %	50 %	62 %
Technical Areas	67 %	60 %	65 %	86 %	67 %
General	33 %	40 %	35 %		28 %
Evolution of Domain	75 % (1-3,5) 25 % (4-5) Mean=2,4	73 % (1-3,5) 27 % (4-5) Mean=3	83 % (1-3,5) 17 % (4-5) Mean=2,5	83 % (1-3,5) 8 % (4-5) Mean=1,5	79 % (1-3,5) 19 % (4-5) Mean=2,4
% training expenses	56 % (0-5 %)	92 % (0-5 %)	59 % (0-5 %)	100 % (0-5 %)	84 % (0-5 %)

TABLE 21

## Importance of Business Factors

FACTORS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Competitive Products/ Services	2,7	3,6	4	3,1	3,5
New Products/ Services	2,8	3,2	4	3,2	3,4
Technological Changes	3,5	3,8	4,3	4	3,9
Competitors	3,3	3,5	3,8	3,7	3,6
%R&D	50 % (0-10 %) Mean = 49 %	67 % (0-10 %) Mean = 15 %	45 % (0-10 %)% Mean = 12,5 %	83 % (0-10 %) Mean = 6,7 %	61 % (0-10 %) Mean = 19,3 %
Union		6 %	22 %	25 %	15 %
ISO-9000	10 %	19 %	65 %	33 %	38 %
Industrial Associations	25 %	50 %	39 %	50 %	41 %
Business Associations	17 %	13 %	30 %	33 %	24 %
Other Associations	25 %	19 %	13 %		14 %

TABLE 22  
Perceptions of functions

FUNCTIONS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Creation of new Products/ Services	9 %	31 %	30 %	18 %	25 %
Provision of Resources	27 %	19 %	9 %	9	15 %
General Management	64 %	50 %	30 %	46 %	44 %
Expansion	18 %	75 %	70 %	36 %	56 %
People Management	36 %		27 %	46 %	25 %
Strategic Management	18 %	13 %	17 %	18 %	17 %
Entrepreneur (1-2)	90 %	75 %	65 %	42 %	67 %

TABLE 23

Working in the business

RHYTHM	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Full time	100 %	100 %	100 %	92 %	98 %
President	67 %	62 %	52	67 %	60 %
CEO	33 %	25 %	39	25 %	32 %
Weekly hours	8 % (30-45)		4 % (30-45)	25 % (30-45)	8 % (30-45)
	17 % (46-60)	56 % (46-60)	57 % (46-60)	25 % (46-60)	43 % (46-60)
	42 % (61-75)	31 % (61-75)	30 % (61-75)	33 % (61-75)	33 % (61-75)
	33 % (76 +)	13 % (76 +)	9 % (76 +)	8 % (76 +)	14 % (76 +)

TABLE 24

## Experience in other businesses

TYPES OF EXPERIENCE	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Started other businesses	50 %	63 %	48 %	42 %	51 %
Similar domain	20 % (2)	30 % (1-3)	46 % (1-4)	50 % (1-3)	37 % (1-4)
Related domain	20 % (1)	40 % (1-4)	50 % (1-4)	50 % (1-3)	41 % (1-4)
Different domain	60 % (1-2)	30 % (1-2)	36% (1-2)	33 % (1)	38 % (1-2)
Sold	20 %	57 %	64 %	75 %	56 %
Manage		19 %	22 %	17 %	2 %
Wind up		6 %			33 %
Participate in other businesses	33 %	25 %	52 %	55 %	42 %
Financially	50 %	50 %	33 %	50 %	42 %
As partner	50 %	25 %	17 %		19 %
As Member of Boards		25 %	50 %	50 %	39 %

TABLE 25

Reasons for Being in Business

REASONS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Feelings for Business	27 %	25 %	35 %	50 %	34 %
To become one's own Boss	18 %	19 %	17 %	50 %	24 %
Better Financial Standing	18 %	13 %	22 %	17 %	18 %
To manage People	27 %	13 %	17 %	17 %	18 %
To Build and Create	55 %	88 %	48 %	50 %	61 %
Challenge	9 %		22 %	8 %	12 %
To fulfill Dreams	9 %		22 %	8 %	12 %
Would Do Same	73 %	100 %	91 %	100 %	92 %
Same Industry	88 %	67 %	87 %	92 %	83 %

TABLE 26  
Background of Respondents

ELEMENTS OF BACKGROUND	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Employee in Similar Business	36 %	56 %	76 %	46 %	58 %
Employee in Different Business	9 %	25 %	5 %	36 %	17 %
Secondary/ Technical	33 %	25 %	13 %	42 %	25 %
University	67 %	75 %	87 %	58 %	75 %
Business Admin	18 %	54 %	26 %	30 %	32 %
Field Similar to Business	64 %	46 %	74 %	40 %	60 %
Development Programs	58 %	43 %	57 %	55 %	55 %
University/ College	33 %	33 %	27 %	14 %	27 %
Seminars/ Conferences	67 %	67 %	73 %	86 %	73 %

TABLE 27

Most useful Experiences and Age of Respondents

EXPERIENCES/AGE	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Life Experience	17 %	43 %	48 %	17 %	34 %
Professional Experience	67 %	80 %	65 %	42 %	68 %
Training/ Education	42 %	20 %	30 %	17 %	27 %
Experiences in other Businesses	8 %	47 %	48 %	33 %	37 %
Youth Experience	8 %	20 %	26 %		16 %
Network/ Contacts	17 %	7 %	4 %	8 %	8 %
Between 20-29 yrs	25 %	6 %	4 %		8 %
Between 30-39 yrs	17 %	56 %	30 %		29 %
Between 40-49 yrs	33 %	31 %	39 %	42 %	37 %
Between 50-59 yrs	17 %		13 %	50 %	18 %
60 yrs and more	8 %	6 %	13 %	8 %	10 %



TABLE 28

## Core Management Competencies (Means)

CORE COMPETENCIES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
1. Marketing Skills	32,2 (4,0)	32,1 (4)	31,9 (4)	28 (3,5)	31,2 (3,9) 8
2. Operations Skills	23,8 (4,0)	23,5 (3,9)	23,3 (3,9)	22,2 (3,7)	23,2 (3,9) 9
3. Financial Skills	34,0 (4,3)	30,3 (3,8)	31,2 (3,9)	31,4 (3,9)	31,5 (3,9) 7
4. Administrative Skills	31,5 (4,5)	29,6 (4,2)	31,5 (4,5)	29,6 (4,2)	30,6 (4,4) 4
5. Interpersonal Skills	38 (4,8)	35,3 (4,4)	38,2 (4,8)	37,8 (4,7)	37,3 (4,7) 2
6. Knowledge of Law	9,3 (3,1)	9,0 (3)	10,3 (3,4)	7,6 (2,5)	9,3 (3,1) 11
7. Entrepreneurship	43 (4,8)	42,5 (4,7)	43,7 (4,9)	41,8 (4,6)	42,9 (4,8) 1
8. Vision	36,8 (4,6)	35,4 (4,4)	37,1 (4,6)	36,8 (4,6)	36,5 (4,6) 5
9. Cognitions/ Informations	32,3 (4)	30,9 (3,9)	34,1 (4,3)	32,2 (4)	32,6 (4,1) 3
10. Technical Capacities	12,0 (4)	11,5 (3,8)	12,1 (4)	10,8 (3,6)	11,7 (3,9) 10
11. Innovativeness	12,0 (4)	11,1 (3,7)	12,3 (4,1)	9,5 (3,2)	11,3 (3,8) 6
Ent-Man Competencies	304,8 (4,3)	291,6 (4,1)	316,1 (4,5)	290,5 (4,1)	301,2 (4,2)

TABLE 29

## Critical Competencies for Success

CRITICAL COMPETENCIES	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
Climate Setting	70 %	36 %	58 %	46 %	50,9 %
Problem Solving	50 %	29 %	47 %	55 %	43,6 %
Sales Planning/ Promotion	50 %	43 %	37 %	46 %	43,6 %
Assessments/ Adjustments	50 %	36 %	42 %	46 %	41,8 %
Cash Control	60 %	43 %	53 %	9 %	41,8 %
Pricing/ Positioning	60 %	36 %	32 %	46 %	41,8 %
Sales Force	30 %	50 %	32 %	55 %	41,8 %
Production Organization	90 %	36 %	21 %	27 %	40,0 %
Marketing Plan	30 %	36 %	44 %	36 %	38,9 %
Coaching	20 %	36 %	53 %	36 %	38,2 %
Communication	50 %	50 %	26 %	36 %	38,2 %
Strategic Alliances	60 %	36 %	42 %	18 %	38,2 %
Business Connections	50 %	21 %	37 %	46 %	36,4 %
Cost System	50 %	21 %	32 %	46 %	36,4 %
Customers Needs	50 %	36 %	32 %	27 %	36,4 %
Standards/ Reputation	50 %	36 %	37 %	27 %	36,4 %

TABLE 30

Past and Future ways of Acquiring Knowledge/Skills

WAYS	START UP/ SURVIVAL (12)	1ST STAGE GROWTH (16)	EXPANSION (23)	MATURITY (12)	TOTAL SAMPLE (63)
On the job	90 %	93 %	94 %	91 %	92 %
Training Education	50 %	43 %	41 %	55 %	46 %
Network/ Contacts	20 %	21 %	18 %	9 %	17 %
Previous Jobs	20 %	14 %	6 %	46 %	19 %
Training/ Education	33 %	50 %	63 %	18 %	44 %
On the Job	11 %	43 %	31 %	27 %	30 %
Partners from within	67 %	43 %	38 %	46 %	46 %
Outsiders	22 %	43 %	38 %	46 %	38 %

# APPENDIX-2

TABLES

Entrepreneurial-Managerial  
Competencies and Practices of Growing SMEs

by

Sectors :	Traditional v/s New Economy
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TABLE 2  
Year of founding of enterprise

PERIODS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Before 1980	19 %	44 %
1980-1989	52 %	37 %
1990-	29 %	19 %

TABLE 5  
Activities of Enterprise

TYPES OF ACTIVITIES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
<b>Manufacturing/ assembling</b>	43 % (0 %) 34 % (1-50 %) 23 % (51-100 %)	6 % (0 %) 28 % (1-50 %) 66 % (51-100 %)
<b>Development/ design</b>	10 % (0 %) 55 % (1-50 %) 35 % (51-100 %)	52 % (0 %) 48 % (1-50 %) 0 % (51-100 %)
<b>Retailing</b>	70 % (0 %) 26 % (1-50 %) 4 % (51-100 %)	52 % (0 %) 37 % (1-50 %) 11 % (51-100 %)
<b>Services</b>	48 % (0 %) 38 % (1-50 %) 14 % (51-100 %)	78 % (0 %) 11 % (1-50 %) 11 % (51-100 %)

TABLE 6

## Types and Evolution of Products/services

PRODUCT SERVICES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Manu. dom. pd	10 %	50 %
Manu. indu. pd	45 %	38 %
Industrial services	29 %	6 %
Domestic services	10 %	3 %
Personalized pd/serv	3 %	3 %
No discontinuation since 93	46 %	54 %
Innovated since 93	50 % (1-3) 43 % (4-10) 7 % (30)	73 % (1-3) 8 % (4-10) 19 % (11-20)

TABLE 7

## Evolution of the number of employees

YEAR/TYPES OF EMPLOYEES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Direct workers 93	33 % (0-9) 33 % (10-50) mean = 39,6	28 % (0-9) 38 % (10-50) mean = 48,4
Other personnel 93	90 % (0-9) 10 % (10-50) mean = 4,9	66 % (0-9) 25 % (10-50) mean = 14,1
Direct workers 96	13 % (0-9) 45 % (10-50) mean = 72	6 % (0-9) 44 % (10-50) mean = 82,4
Other personnel 96	55 % (0-9) 42 % (10-50) mean = 12,5	44 % (0-9) 41 % (10-50) mean = 24,4
Growth direct workers	81 %	70 %
Growth other personnel	155 %	73 %
Growth total employees	90 %	71 %



TABLE 8  
General Performance

	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Enterprises with Sales Increase	84 %	91 %
Enterprise with Profits Increase	45 %	66 %
Enterprises with Investment Increase	57 %	66 %
Subjective Assessment	26 % (10-100 %) 74 % (110-250 %)	23 % (60-100 %) 78 % (110-200 %)
Lower limit Profits	mean = 16 %	mean = 15 %
Upper limit Profits	mean = 23 %	mean = 18 %
Comparisons with the industry	13 %	19 %
Comparisons with competitors	39 %	26 %
Comparisons with historical results	19 %	19 %
Own Targets	16 %	13 %

TABLE 9

## Shares of market and types of customers

SHARES/ CUSTOMERS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Share 93	83 % (1-25 %) mean = 14	57 % (1-25 %) mean = 26
Share 96	60 % (1-25 %) mean = 29	57 % (1-25 %) mean = 33
Share 97	69 % (1-25 %) mean = 27	36 % (1-25 %) mean = 42
Enterprises	71 %	52 %
Public	17 %	61 %
Domestic	13 %	39 %

TABLE 10  
Percentage of sales by territories

TERRITORIES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
In their province	mean = 38 %	mean = 53 %
Rest of Canada	mean = 18 %	mean = 19 %
In the United States	mean = 27 %	mean = 22 %
Europe	mean = 12 %	mean = 9 %
Asia	mean = 7 %	mean = 0,4 %
Latin America	mean = 3 %	mean = 0,9 %

TABLE 11

Vision

KEY WORDS/ CLARITY	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Leadership	17 %	28 %
Growth/ Development	77 %	78 %
People concern	23 %	25 %
World Market	27 %	22 %
Innovation	17 %	19 %
Shared	100 %	91 %
Means put in place	100 %	91 %
Level of Clarity (4-5)	67 %	50 %

TABLE 12  
Mission Statement

KEY WORDS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Leader	19 %	34 %
Employee involvement	7 %	16 %
Quality	32 %	47 %
World Market	26 %	19 %
Partnership	7 %	3 %
Customer Satisfaction	48 %	44 %
Innovation	36 %	25 %
Product names	71 %	59 %
Posted	75 %	84 %

TABLE 13  
General Objectives

KEY WORDS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Growth	71 %	63 %
Profitability	45 %	31 %
Share of Market	36 %	13 %
Human Resources	19 %	34 %
Knowledge of Markets	10 %	9 %
Image	10 %	9 %
Innovation	45 %	22 %
Quality	19 %	34 %
Customer Service	16 %	19 %
World Leader	23 %	16 %
Posted	86 %	72 %

TABLE 14

Past and Projected structural changes

STRUCTURAL CHANGES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Past changes in structure	77 %	72 %
Management Personnel Added	60 %	29 %
Org. Concept changed	62 %	63 %
Future Acquisitions	61 %	34 %
Future Mergers	26 %	9 %
Future Expansion	58 %	47 %
Future Alliances	71 %	63 %

TABLE 15  
**Preferences for Expansion**

FINANCING/ REASONS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Business' Funds	48 %	47 %
Financial Institutions	29 %	47 %
New Partners	32 %	28 %
Public	48 %	22 %
Venture Capital	13 %	3 %
No reason not to Expand	54 %	47 %
Too risky to Expand	21 %	27 %
Lack of resources for Expansion	29 %	30 %
Sharing to job for Expansion	83 %	72 %



TABLE 16

Main Strategic Orientations

DIFFERENTIATIONS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Price	23 %	31 %
Product/Service Differentiation	55 %	66 %
Innovativeness	58 %	19 %
Marketing Differentiation	16 %	381%
Quality	16 %	22 %
Mix Strategy	51 %	56 %

TABLE 17  
Decision-Making

DOMAINS/ CONSULTATION	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Human Resources	16 %	47 %
Finance	48 %	63 %
Conception/ Design	32 %	50 %
Strategies	87 %	77 %
Consult Partners	83 %	85 %
Consult Employees	30 %	33 %
Consult Outsiders	17 %	33 %
Based on Perception and Feelings	97 %	84 %

TABLE 18

Procedures for Personnel Administration

PROCEDURES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Written Job Descriptions	71 %	50 %
Hiring	74 %	63 %
Personnel Evaluation	77 %	56 %
Trainings	80 %	72 %

TABLE 19  
**Planning and Organization Chart**

FIELDS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
<b>Written Plans</b>	100 %	78 %
<b>Operations</b>	21 % (less than 1 year) 45 % (1 year) 17 % (2-4 years)	58 % (less than 1 year) 23 % (1 year) 15 % (2-4 years)
<b>Marketing</b>	15 % (less than 1 year) 41 % (1 year) 26 % (2-4 years)	50 % (less than 1 year) 38 % (1 year) 8 % (2-4 years)
<b>Finance</b>	30 % (less than 1 year) 48 % (1 year) 19 % (2-4 years)	35 % (less than 1 year) 58 % (1 year) 8 % (2-4 years)
<b>Personnel</b>	30 % (less than 1 year) 56 % (1 year) 11 % (2-4 years)	46 % (less than 1 year) 33 % (1 year) 13 % (2-4 years)
<b>Org. Chart</b>	71 %	78 %

TABLE 20  
Scope and nature of Training

NATURE/SCOPE	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
On-the-job	50 %	67 %
In-House Programs	53 %	63 %
Continuous Education	70 %	53 %
Technical Areas	70 %	65 %
General	30 %	25 %
Evolution of Domain	(1-3,5) 67 %	(1-3,5) 94 %
% training expenses	79 % (0-5 %)	89 % (0-5 %)

TABLE 21  
Importance of Business Factors

FACTORS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Competitive Products/ Services	mean = 3,5	mean = 3,5
New Products/ Services	mean = 3,4	mean = 3,4
Technological Changes	mean = 4,1	mean = 3,8
Competitors	mean = 3,6	mean = 3,6
% R & D	38 % (0-10 %) mean = 29,7 %	83 % (0-10 %) mean = 9,3 %
Union	3 %	25 %
ISO-9000	52 %	25 %
Industrial Associations	39 %	44 %
Business Associations	23 %	29 25 %
Other Associations	16 %	13 %

TABLE 22  
Perceptions of functions

FUNCTIONS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Creation of new Products/ Services	27 %	23 %
Provision of Resources	13 %	16 %
General Management	30 %	58 %
Expansion	57 %	55 %
People Management	27 %	23 %
Strategic Management	21 %	13 %
Entrepreneur	79 %	56 %

TABLE 23  
Working in the business

RHYTHM	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Full time	100 %	97 %
President	68 %	53 %
CEO, PDG	26 %	38 %
Weekly hours	7 % (30-45 h) 42 % (46-60 h) 32 % (61-75 h) 19 % (76 h +)	9 % (30-45 h) 44 % (46-60 h) 34 % (61-75 h) 9 % (76 h +)



TABLE 24

## Experience in other businesses

TYPES OF EXPERIENCES	NEW ECONOMY	TRADITIONAL ECONOMY
	(31)	(32)
Started other businesses	52 %	50 %
Similar domain	33 % (1-3)	33 % (1-3)
Related domain	50 % (1-3)	33 % (1-3)
Different domain	27 % (1-2)	50 % (1-2)
Sold	39 %	71 %
Manage	67%	100 %
Wind up (liquidation)	3 %	6 %
Participate in other businesses	45 %	39 %
Financially	43 %	42 %
As partner	29 %	8 %
As member of board	29 %	50 %

TABLE 25  
Reasons for Being in Business

REASONS	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Feelings for Business	30 %	38 %
To become one's own Boss	17 %	31 %
Better Financial Standing	17 %	19 %
To manage People	20 %	16 %
To Build and Create	60 %	63 %
Challenge	17 %	6 %
To fulfill Dreams	10 %	13 %
Would Do Same	87 %	97 %
Same Industry	86 %	80 %

TABLE 26  
Background of Respondents

ELEMENTS OF BACKGROUND	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Employee in Similar Business	55 %	60 %
Employee in Different Business	14 %	20 %
Secondary/ Technical	13 %	38 %
University	87 %	62 %
Business Admin.	24 %	39 %
Field Similar to Business	72 %	46 %
Development Programs	52 %	55 %
University/ College	20 %	30 %
Seminars/ Conferences	80 %	70 %

TABLE 27

## Most useful Experiences and Age of Respondents

EXPERIENCES/ AGE	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Life Experience	37 %	32 %
Professional Experience	68 %	68 %
Training/ Education	36 %	19 %
Experiences in other Business	36 %	39 %
Youth Experience	19 %	13 %
Network/ Contacts	7 %	10 %
Between 20-29 yrs	13 %	3 %
Between 30-39 yrs	26 %	31 %
Between 40-49 yrs	39 %	34 %
Between 50-59 yrs	16 %	19 %
60 yrs and more	7 %	13 %

TABLE 28

## Core Management Competencies (Means)

CORE COMPETENCIES	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
1. Marketing Skills	31,0 (3,9)	31,3 (3,9)
2. Operations Skills	23,1 (3,9)	23,3 (3,9)
3. Financial Skills	31,8 (4,0)	31,1 (3,9)
4. Administrative Skills	31,4 (4,5)	29,6 (4,2)
5. Interpersonal Skills	37,6 (4,7)	36,9 (4,6)
6. Knowledge of Law	10,0 (3,3)	8,4 (2,8)
7. Entrepreneurship	43,0 (4,8)	42,8 (4,8)
8. Vision	36,5 (4,6)	36,4 (4,6)
9. Cognitions/ Informations	33,3 (4,2)	31,8 (4,0)
10. Technical Capacities	12,4 (4,1)	10,9 (3,6)
11. Innovative-ness	11,7 (3,9)	11,0 (3,7)
12. Ent-Man Competencies	304,6 (4,3)	297,4 (4,2)

TABLE 29  
Critical Competencies For Success

	NEW ECONOMY (31)	TRADITIONAL ECONOMY (32)
Climate Setting	61,5 %	41,4 %
Problem Solving	46,2 %	41,4 %
Sales Planning/ Promotion	42,3 %	44,8 %
Assessments/ Adjustments	50 %	34,5 %
Cash Control	61,5 %	24,1 %
Pricing/ Positioning	38,5 %	44,8 %
Sales Forces	34,6 %	48,3 %
Production Organization	46,2 %	34,5 %
Marketing Plan	52,0 %	27,6 %
Coaching	50 %	27,6 %
Communication	50 %	27,6 %
Strategic Alliances	50,0 %	27,6 %
Business Connections	38,5 %	34,5 %
Cost System	30,8 %	41,4 %
Customers Needs	42,3 %	31,0 %
Standards/ Refutation	38,5 %	34,5 %

TABLE 30

Past and Future ways of Acquiring Knowledge/Skills

WAYS	NEW ECONOMY	TRADITIONAL ECONOMY
	(31)	(32)
On the job	96 %	89 %
Training Education	36 %	56 %
Network/ Contacts	20 %	15 %
Previous Jobs	12 %	26 %
Training/ Education	42 %	46 %
On the job	33 %	27 %
Partners from within	50 %	42 %
Outsiders	46 %	31 %

# APPENDIX-3

## RESEARCH INSTRUMENTS





1. Name of enterprise: \_\_\_\_\_  
2. Location: \_\_\_\_\_  
3. Year of founding of enterprise: \_\_\_\_\_

4. Activity of enterprise:

- a) Manufacturing/ Assembling % \_\_\_\_\_  
b) Development/ Design % \_\_\_\_\_  
c) Retailing % \_\_\_\_\_  
d) Services: % \_\_\_\_\_  
e) Primary industries: % \_\_\_\_\_  
f) Other: % \_\_\_\_\_

5. Form of enterprise:

- a) Sole proprietorship: \_\_\_\_\_ registered : \_\_\_\_\_  
b) Partnership with: \_\_\_\_\_ associates.  
c) Company with: \_\_\_\_\_ stockholders.

6. Are you the founder of the enterprise ? Yes: \_\_\_\_\_  
with: \_\_\_\_\_  
If not, who ? \_\_\_\_\_

7. How did you acquire the enterprise ?

- Bought it \_\_\_\_\_ From whom \_\_\_\_\_ Year \_\_\_\_\_  
Inherited it \_\_\_\_\_ From whom \_\_\_\_\_ Year \_\_\_\_\_  
Started from scratch \_\_\_\_\_ Year \_\_\_\_\_  
Franchise \_\_\_\_\_ Year \_\_\_\_\_

8. Do you work full time into the business ?

a) Yes: \_\_\_\_\_ At which position: \_\_\_\_\_

How long (at this position): \_\_\_\_\_

How long into this business: \_\_\_\_\_

Which position: \_\_\_\_\_

b) No: \_\_\_\_\_

What proportion of your time do you devote to it ? \_\_\_\_\_

Why: \_\_\_\_\_

c) On the average, how many hours per week do you devote to your business ?

Fewer than 29 hours : \_\_\_\_\_ Between 30 and 45 hours : \_\_\_\_\_

Between 46 and 60 hours : \_\_\_\_\_ Between 61 and 75 hours : \_\_\_\_\_

76 hours and more : \_\_\_\_\_

9. Have you started other businesses ?

a) No : \_\_\_\_\_

b) Yes: \_\_\_\_\_

Which ones: \_\_\_\_\_ Year: \_\_\_\_\_

\_\_\_\_\_ Year: \_\_\_\_\_

\_\_\_\_\_ Year: \_\_\_\_\_

\_\_\_\_\_ Year: \_\_\_\_\_

c) 1) Did you sell them: Yes: \_\_\_\_\_ Year: \_\_\_\_\_

Why ? \_\_\_\_\_

2) Do you manage them: Yes: \_\_\_\_\_ Year: \_\_\_\_\_

Time spent \_\_\_\_\_

3) Did you hire somebody else to manage them:

Yes: \_\_\_\_\_ Whom: \_\_\_\_\_

4) Did you fail with them: Yes: \_\_\_\_\_ No: \_\_\_\_\_

Causes: \_\_\_\_\_

5) Did you wind up: Yes: \_\_\_\_\_

Causes: \_\_\_\_\_

6) Other: \_\_\_\_\_

10. Do you participate in other businesses ? No: \_\_\_\_\_ Yes: \_\_\_\_\_

a) Financially:

Sole proprietorship: \_\_\_\_\_  
(name)

Majority-proprietor: \_\_\_\_\_  
(name)

Stockholder with 30 % to 50 % of stocks: \_\_\_\_\_  
(name)

b) As partner: \_\_\_\_\_

c) As a member of the board of directors: \_\_\_\_\_

d) Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. How do you rate the importance of the following factors in your domain/sector of business ?

	Not important				Very important
a) Number of competitive products/services	1	2	3	4	5
b) Frequency of new products/services	1	2	3	4	5
c) Scope of technological changes	1	2	3	4	5
d) Aggressiveness of competitors	1	2	3	4	5

12. Manufactured products and/or services:

\_\_\_\_\_  
% of total  
\_\_\_\_\_  
% of total  
\_\_\_\_\_  
% of total

13. If some products and/or services have been discontinued since 1993, give the main reasons:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. How many products and/or services have been innovated in your firm since 1993 ?

And have been successfully put on the market : \_\_\_\_\_

And have failed: \_\_\_\_\_

Why \_\_\_\_\_

15. Number of employees: Full time Other status

a) In 1993:	Direct workers :	_____	_____
	Other personnel:	_____	_____
b) Presently:	Direct workers :	_____	_____
	Other personnel:	_____	_____

16. Percentage of your products and/or services sold:

a) In this Province : \_\_\_\_\_

b) In the rest of the country : \_\_\_\_\_

c) In United States : \_\_\_\_\_

d) Elsewhere : \_\_\_\_\_

17. What is the approximate number of your customers ?:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18. What are your estimates as to the evolution of your share of the market for your main products/services ?

a) In 1993: \_\_\_\_\_

b) This year: \_\_\_\_\_

c) Next year: \_\_\_\_\_

19. We would like to obtain your subjective assessment of the performance of your business as it relates to competitors in this industry. Equating 100 % to the average performance of the industry we would like you to indicate what percent of this average performance you personally feel your business is achieving in this industry ?

I would put it at \_\_\_\_\_ % of the industry \_\_\_\_\_

20. We are also interested in obtaining a few empirical measures of the trend of your enterprise's performance in some areas.<sup>1</sup>

	1993	1994	1995	1996
Sales				
Before tax profits				
Investment (buildings, equipment, R&D etc.)				

1. If not possible to obtain figures: "Considering the base year 1993 as 100, would you please indicate, the level for each indicator for each year."

21. What is the range of the ratio of net profit (before taxes) over total output (sales) you consider adequate for your business:

Between \_\_\_\_\_ and \_\_\_\_\_

22. When you evaluate the performance of your business, what is your basis of comparison ?

a) Average performance of the industry : \_\_\_\_\_

b) Average performance of competitors : \_\_\_\_\_

c) One or some firms which are \_\_\_\_\_

d) Figures reported in Duns and Bradstreet or some other business data banks : \_\_\_\_\_

e) Other : \_\_\_\_\_

23. What is the mission statement for this enterprise ?

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Is it posted ?

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24. What are the general objectives set for the enterprise ?

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25. Are they written down and posted?

a) Yes \_\_\_\_\_ Where \_\_\_\_\_

b) No \_\_\_\_\_

26. Do you have any written plans for your main activities ?

a) Yes \_\_\_\_\_ b) No \_\_\_\_\_

c) If so, what span of time do these plans cover ?

	None	Less than one year	One year	2 to 4 years	5 years or more
Operations					
Marketing					
Finance (budget)					
Personnel					
Other					

27. Do you have a written organization chart for your business ?

a) Yes \_\_\_\_\_ b) No \_\_\_\_\_

28. Have there been any changes to the organization structure (e.g. new administrative positions) in the past three years ?

Yes

---

---

No \_\_\_\_\_

29. Does your business have :

a) Written job descriptions Yes : \_\_\_\_\_

No : \_\_\_\_\_

b) Procedures for : Hiring : Yes : \_\_\_\_\_

No : \_\_\_\_\_

Personnel evaluation : Yes : \_\_\_\_\_

No : \_\_\_\_\_

Training : Yes : \_\_\_\_\_

No : \_\_\_\_\_

30. Do you foresee any major structural changes in your business within 5 years ?

a) Buying business \_\_\_\_\_

b) Merger \_\_\_\_\_

c) Expansion (of business) \_\_\_\_\_

d) Strategic alliances \_\_\_\_\_

e) Other \_\_\_\_\_

31. Vision:

a) What is your vision of your business 5 years from now ?

\_\_\_\_\_  
\_\_\_\_\_

b) Have you shared this vision with your associates/staff ?

\_\_\_\_\_  
\_\_\_\_\_

c) Have you taken any steps to achieve this vision ?

\_\_\_\_\_  
\_\_\_\_\_



32. What percent of your business figure do the costs of research and development represent ?

\_\_\_\_\_ %

R & D done by: \_\_\_\_\_

33. In what areas are you making the decisions ?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

34. In taking major decisions, do you :

a) Base yourself more on thorough calculation and statistical evidence

\_\_\_\_\_  
\_\_\_\_\_

b) Rely more on your perception and your feel of a situation

\_\_\_\_\_  
\_\_\_\_\_

35. In taking major decisions, do you consult other people ?

\_\_\_\_\_  
\_\_\_\_\_

36. What do you consider as your business main strategic orientations ?

a) Cost-Price of products/services \_\_\_\_\_

b) Product/service differentiation \_\_\_\_\_

c) Innovativeness \_\_\_\_\_

d) Marketing differentiation \_\_\_\_\_

e) Mix strategy \_\_\_\_\_

f) Other \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

37. If you were to decide to expand your business, what your preference be as to the sources of finance ?

- a) Sources of funds from the business \_\_\_\_\_
- b) Personal, family and relative's sources \_\_\_\_\_
- c) Borrowing from financing institutions \_\_\_\_\_
- d) Borrowing from others/enterprises \_\_\_\_\_
- e) New partners or shareholders \_\_\_\_\_
- f) Public financing \_\_\_\_\_
- g) Other \_\_\_\_\_

38. If you were to decide not to expand, what would be the reasons ?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

39. What are your business practices in terms of training and development ?

- a) On the job training \_\_\_\_\_
- b) In house programs \_\_\_\_\_
- c) Continuous education programs \_\_\_\_\_
- d) Main areas of training \_\_\_\_\_  
\_\_\_\_\_
- e) Any specific activities devoted to the evolution of the domain/sector of this business ?  
\_\_\_\_\_
- f) Average yearly percentage of training expenses on total salaries (excluding management)  
\_\_\_\_\_

40. As the person taking important decisions in the enterprise, what do you conceive your functions to be (Rank) ?

- a) Maintaining the firm at its present level or position  
\_\_\_\_\_
- b) Creating new products or services \_\_\_\_\_
- c) Provision of resources (capital, employees, material, markets, etc...)

\_\_\_\_\_

d) Management of this enterprise \_\_\_\_\_

e) Expansion of this enterprise \_\_\_\_\_

f) Other \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

41. How do you mainly conceive yourself to be:

Entrepreneur

Manager

1

2

3

4

5

42. Are your employees members of an Union ?

a) Yes \_\_\_\_\_ Union \_\_\_\_\_

Since \_\_\_\_\_

b) No \_\_\_\_\_

43. Should your enterprise be in the growth stage where you envisage doubling your operations, would you share the top management with one or more partners ?

a) Yes \_\_\_\_\_ Who ? \_\_\_\_\_

b) No \_\_\_\_\_

c) Don't know \_\_\_\_\_

44. In your opinion, at what stage of development is your business ?

Start-up/Survival \_\_\_\_\_

Dynamic growth \_\_\_\_\_

Rational Administration \_\_\_\_\_

Other \_\_\_\_\_

45. Is your business ISO-9000 registered ?

\_\_\_\_\_

46. The following statements contain a few reasons why people are in business; among these, please indicate those which more closely relate to your motivation (Rank)

- a) A feeling for business (life style) \_\_\_\_\_
- b) A wish to become one's own boss \_\_\_\_\_
- c) A desire to reach a better financial standing \_\_\_\_\_
- d) A wish to test one's technical knowledge \_\_\_\_\_
- e) A desire to organize and manage people \_\_\_\_\_
- f) A desire to build and create \_\_\_\_\_
- g) Other \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

47. If you were to choose afresh a new career would you go into the one you now have ?

- a) Yes \_\_\_\_\_  
In the same industry ? \_\_\_\_\_ Yes : \_\_\_\_\_
- b) No \_\_\_\_\_ Which one ? \_\_\_\_\_  
Why : \_\_\_\_\_

48. What are the professional or industrial associations to which you belong and are the most useful for you?

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

49. What were the relationships between previous jobs and first activities into the business ?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

50. Educational background :

- a) Secondary School \_\_\_\_\_ Number of years \_\_\_\_\_

Field of study \_\_\_\_\_

b) Technical School or college \_\_\_\_\_ Number of years \_\_\_\_\_

Field of study \_\_\_\_\_

c) University \_\_\_\_\_ Number of years \_\_\_\_\_

Field of study \_\_\_\_\_

51. Have you participated in any Professional or Management Development Programs ?

a) No \_\_\_\_\_

b) Yes \_\_\_\_\_

Type \_\_\_\_\_

Institution \_\_\_\_\_

Duration \_\_\_\_\_

52. Which of your different experiences have in your own valuation proved most useful for your present career ?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

53. Age:

a) Between 20 and 29 \_\_\_\_\_

b) Between 30 and 39 \_\_\_\_\_

c) Between 40 and 49 \_\_\_\_\_

d) Between 50 and 59 \_\_\_\_\_

e) 60 and over \_\_\_\_\_

**PART II**

**Management Competency Inventory**

For each competency, place a check in the column that best describes your degree of experience and accomplishment in that area. Also, check the competencies most critical to the success of your business and cross off any irrelevant ones.

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
<b>1. Marketing Skills</b>				
1) Able to design and conduct market research studies and to analyze and interpret study results				
2) Experienced in planning overall sales, advertising, and promotion programs and in deciding on and setting up effective distributor or sales representative systems				
3) Able to determine competitive pricing and margin structures and to position products in terms of price				
4) Able to organize, supervise, and motivate a direct sales force; able to analyze territory and account sales potential				
5) Able to perceive service needs of particular products; experience in determining service requirements, handling customer complaints, and managing a service organization				
6) Able to organize and manage the flow of product/service through distribution channels to ultimate customer				
7) Able to integrate market information, perceived needs, R&D, and advertising into a rational product and service plan; able to understand market penetration and break-even				

	<b>I Know Thoroughly; Have proven Results Doing it</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
8) Experience in new product and service introductions, including marketing testing, prototype testing, and developments of price/sales/merchandising and distribution plans for new products				
<b>2. Operations / Technical Skills</b>				
9) Know about the production and service process, machines, personnel, and space required to operate within time, cost, and quality constraints				
10) Able to calculate activity-based costs, develop standard cost system, conduct variance analyses, and manage/control costs				
11) Able to set up inspection systems and standards for effective control of quality in incoming, in-process, and finished products and services				
12) Able to analyze work flow, plan and manage production and service process, manage work flow				
13) Able to identify appropriate sources of supply, negotiate supplier contracts, and manage incoming flow of material into inventory				
14) Able to analyze worker productivity and need for additional help				
<b>3. Financial Skills</b>				
15) Able to decide how best to acquire funds for start-up and growth; able to forecast funds needs, prepare budgets; familiar with sources and vehicles of short- and long-term financing, formal and informal				
16) Able to project cash requirements, set up cash controls, and manage the enterprise's cash position				

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamillar; No Proven Results</b>	<b>Critical</b>
17) Able to develop credit policies and screening criteria; can age receivables and payables; understand use of collection agencies, when to start legal action				
18) Understand payables management, use of interim financing such as bank loans, factoring of receivables, etc; familiar with financial statements and budgeting/profit planning				
19) Able to develop a business plan and offering memo that can be used to raise capital; familiar with legal requirements of public and private stock offerings				
20) Able to determine appropriate bookkeeping and accounting system, including various softwares and tools, as company starts and grows				
21) Understand cash flow analysis; break-even analysis; contribution analysis; profit and loss; balance sheet				
22) Understand Spreadsheet Analysis; Word Processing; Database Access, Use of Electronic Mail and Internet; Graphics, etc.				
<b>5. Administrative Skills</b>				
23) Able to anticipate potential problems and to plan to avoid them; able to gather facts about problems, analyze them for real causes, and plan effective action to solve the problems;				
24) Able to communicate effectively and clearly — orally and in writing — to media, public, customers, peers and subordinates				
25) Able to set realistic and attainable goals, and develop detailed action plans to achieve the goals; schedule own time very systematically				



	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
26) Able to make decisions on best analysis of incomplete data				
27) Skilled in organizing project teams, setting project goals, defining project tasks, and monitoring task completion in the face of problems and cost/quality constraints				
28) Able to work effectively in a negotiating situation; able to balance quickly value given and value received				
29) Able to set up payroll, hiring, compensation, and training functions				
<b>6. Interpersonal and Team Skills</b>				
30) Able to understand the relationships among tasks, able to lead in those situations where this is appropriate; willing to actively manage, supervise, and control activities of others through directions, suggestions, etc.				
31) Able to listen to and understand without interrupting				
32) Able to ask for and provide help and to determine situations where assistance is warranted				
33) Able to provide performance and interpersonal feedback to others that they find useful; able to receive feedback from others without becoming defensive or argumentative				
34) Able to confront differences openly and to deal with them until resolution is obtained; able to use evidence and logic; able to share power				
35) Able to work well with others in pursuing common goals, especially when I have no formal power				
36) Able to delegate responsibility and to coach subordinates in the development of their managerial capabilities				

	I Know Thoroughly; Have proven Results Doing It	I Have Limited Knowledge; Need Backup	Unfamiliar; No Proven Results	Critical
37) Able to create, by the way I manage, a climate and spirit conducive to high performance; able to press for performance while rewarding work well done; able to encourage innovation, initiative, and calculated risk taking				
<b>7. Knowledge of Applicable Law</b>				
38) Familiar with legal issues relating to stock issues, incorporation, distribution agreements, leases, etc.				
39) Experienced with preparation and revision of patent applications; able to recognize a strong patent; familiar with claim requirements and proprietary rights				
40) Familiar with provincial and federal reporting requirements, tax shelters, estate planning, fringe benefits, etc. and with leases, purchase offers, purchase and sale agreements, etc.				
<b>8. Entrepreneurial Management Skills</b>				
41) Able to be Self-starting, growth-minded, using objective measures to keep score				
42) Able to set clear goals and objectives that are high and challenging but realistic and attainable				
43) Able to seek and take initiative and to put myself in situations where I am personally responsible for the success or failure of the operation; take the initiative to solve problems or fill leadership vacuums; self-reliant				
44) Able and determined to complete a task or solve a problem; a strong determination to get the job done				

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
45) Able to be an optimistic realist, knowing my weaknesses as well as my strengths and having the ability to retain a sense of perspective				
46) Able to set high personal standards, unwillingness to compromise the belief that an excellent reputation is key to long-term success.				
47) Can live with the entrepreneur's paradox: balancing the need to get things done with the need to look down the road and take a longer-range view of what needs to be achieved				
48) Able to use failures as learning experiences and to better understand my role in causing a failure in order to avoid similar problems in the future				
49) Able to understand the extent to which one's business conduct tends to be adapted to the demands and needs of each situation rather than defined by a rigid code of conduct applied uniformly regardless of different conditions and circumstances				
50) Able to comprehend the global parameters of a given situation without getting lost in the details and, to synthesise information from different field, areas to create a new picture				
51) Able to develop a sound understanding of the enterprise's purpose and direction				
52) Able to utilise current information to direct future courses of development and can assess potential impact of future systemic developments and make trade-offs with current and short-term prospects				

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
53) Able to formulate and experience strategies for the enterprise to adopt, using best judgement given possible futures, and to forecast, assess needs and evaluate potential				
54) Able to develop a sound background knowledge of industry environment and to be up-to-date on current and future trends				
55) Able to process information quickly and respond; to balance independent decision making with participative or group decision making as appropriate and to facilitate and lead group decision making				
56) Know when delegation is appropriate; able to clearly develop task description and provide resources and authority to support; follow up as situation and task require				
57) Able to actively seek to widen and build business connections both inside and outside the enterprise and work to establish open, trusting relationships with connections				
58) Able to gather relevant information and hard data; to understand and use information technology and management information systems as well as diverse alternative sources of information and establish veracity of sources				
59) Able to know what is available to make a timely choice about the use and integration of different forms of technology into the business				
60) Able to understand where a business is in its development in order to make good judgement in terms of expansion growth and management decisions				

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
61) Able to understand an industry in the content of its size, scope, people it employs, contribution to the economy and the impact on the economic and social environment				
62) Able to state the mission of the business and competitive advantage				
63) Able to continually assess the future needs of customers, proceed with new product development and make necessary adjustments in plant, equipment and human resources				
64) Able to gather best practice international benchmarking data as a basis for reviewing business performance (where appropriate/available)				
65) Able to actively seek/perform intelligence on possible new products or services or new markets which the business may introduce				
66) Able to make explicit choices in sourcing technologies between in-house R&D, licensing, partnerships and external linkages				
67) Able to develop policies for building the required core technologies and identifying how technology can help the business achieve its objectives				
68) Able to incorporate innovation goals and priorities into the enterprise's mission, plans and strategies				
69) Able to prepare training programs afresh each year in the light of identified needs and to assess them to ensure their effectiveness				
70) Able to comprehend the world parameters of the business situation and to ensure that the enterprise will take the opportunities of international markets				

	<b>I Know Thoroughly; Have proven Results Doing It</b>	<b>I Have Limited Knowledge; Need Backup</b>	<b>Unfamiliar; No Proven Results</b>	<b>Critical</b>
71) Able to develop, negotiate and manage alliances with strategic partners and evaluate effectiveness				

72) How did you learn most of these knowledges/skills ?

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73) How do you plan to compensate for or to acquire those knowledges/skills that you felt that you should have ?

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# APPENDIX-4

## BENCHMARKING REPORT

**HEADINGS:**

**Dimensions:**

Selected aspects of business based on questions during interview.

**Your enterprise:**

Information provided by respondent. «Blank» means that the information is missing on this particular item. «No» may mean that this particular word, category, or expression has not been explicitly mentioned by respondent.

**Stage:**

Your enterprise has been classified in this particular stage for the purpose of this research, based on information provided by respondent and the evaluation of researchers. A brief description of the stages is attached.

Data in this column are averages based on information from all enterprises (number in parentheses) classified in this particular stage.

**Total Sample:**

Data in this column are averages based on information from the total number of (47) enterprises making up this research.

**ADDITIONAL EXPLANATIONS ON A FEW SECTIONS:**

**Critical success factors:**

Selection for these particular factors is based on highest mentions by the total sample of enterprises. A «no» means that the respondent has not mentioned this particular factor as critical for the success of business.

**General comments:**

These aspects have been mentioned by respondent or selected by researchers for special mention.

**Core management competencies and critical success factors:**

«Blanks» in these two particular sections mean that we have not yet received the questionnaire left to respondent to fill out or we have not received it in time to be included in this report.



## MAJOR STAGES

We have divided the sample up into four major stages of development:

1. Start-up / Survival stage (11 firms = 23% of the sample) with an average size of 15 employees. 7 enterprises can be considered as being part of the New Economy. In fact, eight enterprises have been classified by the entrepreneurs as start-up. They all have been founded after 93 and they are less than 20 employees in size. They are either not yet profitable or barely profitable. They are mainly single product with limited channel, on local markets. Organizational structure is rather informal and planning not extending one year, business plan being still the main management instrument. Sources of financing are the owners and banks. Training is on the job and management style rests very entrepreneurial. Three enterprises are still considered by their owners in the survival stage. After ten years of existence, they are just beginning to be profitable and they still need more funding for growth. Although their average size is 35 employees, their management is simple and entrepreneurial.
2. First stage of growth (11 firms = 23% of the sample) with an average size of 55 workers. Five of them are part of the New Economy. All but one enterprises in this group have been founded between 1985 and 1992 and their sizes range from 12 to 140 employees. They have experienced growth rates exceeding 100% over three years, with the exception of one enterprise; in fact the average growth rate of this group is 244%, the highest in the sample. Their profits are either growing or stable although not very high. Planning is for a period of one year; budget is the plan. Management structure is centralized, balancing between formal and informal. Formal procedures have been put in place, although their utilization depends on circumstances. Management style rests mainly entrepreneurial; balancing today's and tomorrow's needs is a major concern for entrepreneurs. Lines of products / services are broadened and exports are increasing yearly. Major investments are made in plant and equipment, R & D, and inventory. Sources of funds are profits and public financing. Mastering growth and maintaining control are the major challenges which make this particular stage of development the most problematic.
3. Expansion / Transition (17 firms = 36% of the sample) with an average size of 133 employees. Nine companies are part of the New Economy. More than 70% of the enterprises of this group have been funded in the eighties; the other ones were started in the seventies. Although their revenues are still growing at fast pace, it is slower than for the previous stage. Profitability is sustained and becomes a major objective. Investments are heavy in terms of equipments, facilities, marketing, and R & D. The structure of the organization is more functional, arranged around products or markets. Management is more decentralized with delegation of authority and reduced entrepreneur involvement in operations and administration. Sources of financing are profits and capital markets. Marketing is characterized by extended geographic coverage and new or enhanced product lines, markets and channels.

Strategic moves and maintaining control, enthusiasm, and commitment are the main functions of entrepreneurs.

4. Rational Administration (Maturity) stage (8 firms = 17% of the sample) with an average size of 182 workers. Only 2 enterprises can be considered as being part of the New Economy. Almost two thirds of the enterprises in this stage of development have been founded before the eighties. Their size in employment is larger and growth over the last three years is smaller. Their general performance is in the average and they have undertaken less structural changes in their organization. Their main strategic orientation is product / service differentiation within a mix strategy on the market, which is mainly Canadian. Planning is done on a short term basis and formal management procedures are put in place according to needs. Entrepreneurs are making strategic decisions and spend less time in the business. Structure is decentralized, and functional or product accountability is more prevalent. Maintaining and defending market position and seeking or expanding market niches are typical marketing strategies. More concern for productivity is reflected by major expenditures in equipment to reduce product cost. Sources of financing are cash flow and public capital markets.

Nearly all companies in stages 2 and 3 have increased their sales every year since 1993. They have also a higher profit rate than SMEs in stage 1 or 4. Their higher investment rates reflect this better performance. Equating 100% to the average performance of the industry, about 70% of all SMEs assessed the performance of their business between 110-250%. In this subjective base, the highest performers are those of group 2 and 3.

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>Size</b>			
• Employees 1993		08	51
• Employees 1996		15	96
• Growth rate	100%	97%	88%
<b>Territories of sales</b>			
• Province	30%	57%	48%
• Rest of Canada	68%	18%	16%
• United States	02%	14%	23%
• Europe	0%	06%	08%
• Asia	0%	05%	04%
• South America	0%	0%	01%
<b>Personnel Assessment</b>			
• of the performance according to the average of the sector or the industry	125%	50% (100-150%) above the average	69% (110-250%) above the average
<b>Rate of net profits before taxes over total sales considered as adequate</b>			
• Lower limit	20%	21%	17%
• Upper limit	30%	28%	21%
<b>Basis of comparison to evaluate the performance</b>			
• Industry	--	used by 10%	used by 17%
• Competitors	used	used by 73%	used by 30%
• Previous results	--	used by 0%	used by 09%
• Objectives	--	used by 10%	used by 23%

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>General objectives</b> <ul style="list-style-type: none"> <li>• written and posted</li> </ul>	no	yes = 78%	yes = 80%
<b>Written plans</b>	no	yes = 80%	yes = 87%
<b>Span of time</b> <ul style="list-style-type: none"> <li>• Operations</li> <li>• Marketing</li> <li>• Budgeting</li> <li>• Personnel</li> </ul>	1 year -- -- --	1 year = 33% 1 year = 37% 1 year = 37% 1 year = 37%	1 year = 32% 1 year = 39% 1 year = 47% 1 year = 44%
<b>Organizational chart</b>	no	yes = 64%	yes = 71%
<b>Job descriptions</b>	no	yes = 64%	yes = 57%
<b>Procedures for</b> <ul style="list-style-type: none"> <li>• Hiring</li> <li>• Personnel evaluation</li> <li>• Training</li> </ul>	no no no	yes = 64% yes = 45% yes = 54%	yes = 70% yes = 66% yes = 74%
<b>Major structural changes within 5 years</b> <ul style="list-style-type: none"> <li>• Buying businesses</li> <li>• Merger</li> <li>• Expansion</li> <li>• Strategic alliances</li> </ul>	no no no yes	yes = 18% yes = 27% yes = 27% yes = 82%	yes = 51% yes = 19% yes = 51% yes = 68%

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>Vision in 5 years</b> <ul style="list-style-type: none"> <li>• Growth</li> <li>• World market</li> <li>• Leadership</li> <li>• Human resources management</li> <li>• Innovation</li> </ul>	<p>yes no no yes yes</p>	<p>yes = 64% yes = 18% yes = 0% yes = 09% yes = 27%</p>	<p>yes = 74% yes = 25% yes = 21% yes = 23% yes = 17%</p>
<b>% of sales spent in R&amp;D</b>	<p>--</p>	<p>mean = 44% 55% (0-10%)</p>	<p>mean = 22% 60% (0-10%)</p>
<b>Areas of decision-making reserved to the respondent</b> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Personnel</li> <li>• Budgeting</li> <li>• Conception / Design</li> </ul>	<p>yes no no no</p>	<p>yes = 70% yes = 40% yes = 70% yes = 50%</p>	<p>yes = 80% yes = 31% yes = 56% yes = 40%</p>
<b>Final decisions based on figures</b>	<p>10%</p>	<p>yes = 09%</p>	<p>yes = 8%</p>
<b>Final decisions based on experience</b>	<p>90%</p>	<p>yes = 91%</p>	<p>yes = 92%</p>
<b>Consultation with other people</b>	<p>yes</p>	<p>yes = 100%</p>	<p>yes = 100%</p>
<b>Strategic orientations</b> <ul style="list-style-type: none"> <li>• Price</li> <li>• Product differentiation</li> <li>• Innovation</li> <li>• Marketing</li> <li>• Mix Strategy</li> <li>• Quality</li> </ul>	<p>yes yes no no yes no</p>	<p>yes = 09% yes = 54% yes = 27% yes = 09% yes = 27% yes = 09%</p>	<p>yes = 23% yes = 64% yes = 40% yes = 25% yes = 57% yes = 17%</p>

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>Sources of finance</b> <ul style="list-style-type: none"> <li>• Sources of funds from the business</li> <li>• Financing institutions</li> <li>• new partners / shareholders</li> <li>• Public financing</li> <li>• Risk capital</li> </ul>	<p style="text-align: center;">no</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no</p> <p style="text-align: center;">no</p> <p style="text-align: center;">no</p>	<p style="text-align: center;">yes = 18%</p> <p style="text-align: center;">yes = 54%</p> <p style="text-align: center;">yes = 36%</p> <p style="text-align: center;">yes = 27%</p> <p style="text-align: center;">yes = 18%</p>	<p style="text-align: center;">yes = 43%</p> <p style="text-align: center;">yes = 36%</p> <p style="text-align: center;">yes = 30%</p> <p style="text-align: center;">yes = 38%</p> <p style="text-align: center;">yes = 11%</p>
<b>Business practices for training</b> <ul style="list-style-type: none"> <li>• On the job training</li> <li>• In house programs</li> <li>• Continuous education programs</li> </ul>	<p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">yes</p>	<p style="text-align: center;">yes = 45%</p> <p style="text-align: center;">yes = 27%</p> <p style="text-align: center;">yes = 64%</p>	<p style="text-align: center;">yes = 50%</p> <p style="text-align: center;">yes = 54%</p> <p style="text-align: center;">yes = 61%</p>
<b>Yearly percentage of training expenses on total salaries</b>	<p style="text-align: center;">--</p>	<p style="text-align: center;">62% (0-5%)</p>	<p style="text-align: center;">78% (0-5%)</p>
<b>Conception of the functions by the respondent</b> <ul style="list-style-type: none"> <li>• Creating new products</li> <li>• Management</li> <li>• Expansion</li> <li>• Human resources management</li> </ul>	<p style="text-align: center;">no</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no</p> <p style="text-align: center;">no</p>	<p style="text-align: center;">yes = 0%</p> <p style="text-align: center;">yes = 60%</p> <p style="text-align: center;">yes = 10%</p> <p style="text-align: center;">yes = 40%</p>	<p style="text-align: center;">yes = 24%</p> <p style="text-align: center;">yes = 50%</p> <p style="text-align: center;">yes = 59%</p> <p style="text-align: center;">yes = 29%</p>

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>Important factors of the sector / industry</b> <ul style="list-style-type: none"> <li>• Number of competitors</li> <li>• Frequency of new products</li> <li>• Scope of technological changes</li> <li>• Aggressiveness of competitors</li> </ul>	Scale: not important = 1; very important = 5		
	1	2,7	3,3
	4	2,7	3,4
	4	3,6	3,9
	1	3,2	3,5
<b>Core management competencies</b> <ol style="list-style-type: none"> <li>1. Entrepreneurship</li> <li>2. Interpersonal skills</li> <li>3. Cognition / Information</li> <li>4. Administrative skills</li> <li>5. Innovation</li> <li>6. Vision</li> <li>7. Financial skills</li> <li>8. Marketing skills</li> <li>9. Operation skills</li> <li>10. Technical capacities</li> <li>11. Knowledge of law</li> </ol>	Scale: not important = 1; very important = 5		
	5,0	4,7	4,8
	5,0	4,7	4,7
	4,8	4,5	4,5
	5,0	4,6	4,4
	4,3	4,1	4,2
	5,0	4,0	4,2
	4,5	4,3	4,0
	4,8	4,1	3,9
	5,0	4,1	3,8
	4,3	3,9	3,8
	3,0	3,3	3,3
average of the sample	4,6	4,3	4,3

Dimension		Start-up (11 enterprises)	Total sample (47 enterprises)
<b>Critical success factors</b> <ul style="list-style-type: none"> <li>• Planning of sales</li> <li>• Competitive pricing</li> <li>• Creation of an encouraging climate</li> <li>• Set up of cash control</li> <li>• Effective communication</li> <li>• Customers needs</li> <li>• Problem solving</li> <li>• Industry knowledge</li> <li>• Strategic alliances</li> <li>• Adaptation / Flexibility</li> <li>• Assessment / Adjustment</li> <li>• Balance of long-term vs. short-term planning</li> </ul>	Percentage of critical answers		
	no	yes = 44%	yes = 44%
	yes	yes = 56%	yes = 42%
	yes	yes = 67%	yes = 47%
	yes	yes = 56%	yes = 47%
	yes	yes = 44%	yes = 41%
	yes	yes = 44%	yes = 39%
	no	yes = 56%	yes = 37%
	yes	yes = 44%	yes = 37%
	yes	yes = 56%	yes = 41%
	no	yes = 33%	yes = 37%
	yes	yes = 56%	yes = 37%
<b>General comments:</b> <ul style="list-style-type: none"> <li>- Home-based business</li> <li>- Interesting market niche</li> <li>- Quality, service and creativity are the main competitive advantages</li> <li>- Alliances are in process</li> <li>- Growth will be a decisive factor</li> </ul>			



