THE IMPACT OF ADVISORS' KNOWLEDGE AND EXPERIENCE ON THE PERFORMANCE OF OWNER-MANAGER COMPANIES

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ABSTRACT

Small businesses are an important engine of economic growth and are essential to the stability and health of the national and global economies. U.S. Census Bureau data show that small businesses have poor survival rates, however. The literature on organizational failure contains no generally agreed-on list of the variables that separate success from failure. Although external factors are beyond a company's control, internal factors such as business practices, management teams, and choice of business model are within its influence, and an effective board of directors can address many of the internal factors that cause failure.

The majority of the literature focuses on the boards of large, publicly listed companies. The unique needs of owner-manager companies (OMCs), which are generally synonymous with small business, have not been studied sufficiently. Without a legal requirement for a board of directors, some OMCs establish panels of advisors. Using a quantitative method, the first study investigated the impact of the specific knowledge and experience that advisors possess on the performance of OMCs, as moderated by the company's stage of growth. One key finding of this study is that the early stage of growth, managerial experience has a positive relationship to both measures of OMC performance and entrepreneurial experience has a negative relationship to both. The study also provided evidence that the impact of experience and knowledge on OMC performance is moderated by the company's current stage of growth.

The second study further explored the key findings of the quantitative study using a qualitative method. A series of thirty-two semi-structured interviews were conducted

with owner-mangers and advisors. The second study corroborated the importance of managerial experience to both measures of OMC performance in the early stages of a company's development. It also corroborated the negative relationship of entrepreneurial experience to one measure of OMC performance but contradicted its negative relationship to the other. This mixed-methods approach provided a deeper understanding of the actions that owner-managers take and how those ultimately affect OMC performance.

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CHAPTER 1

INTRODUCTION

Research Motivation

Small businesses are an important engine of economic growth and are essential to the stability and health of the national and global economies (Gaskill et al., 1993; Van Gils, 2005; Voordeckers et al., 2007; Zahra, Neubaum & Naldi, 2007; Walsh & Lipinski, 2009; Lappalainen & Niskanen, 2012).

Three years of data from the U.S. Census Bureau's business information tracking show that small businesses have poor survival rates (Phillips & Kirchhoff, 1989; Headd, 2003; Hayward et al., 2006). The causes of business failure have been studied for years from many perspectives by both researchers and practitioners. The literature on organizational failure contains no generally agreed-on list of the variables that separate success from failure, however (Gaskill et al., 1993; Lussier, 1996; Mellahi & Wilkinson, 2004; Persson, 2004). Both external (exogenous) and internal (endogenous) factors have been identified as contributors to business failure (Gaskill et al., 1993; Lussier, 1996; Everett & Watson, 1998; Littunen et al., 1998; Headd, 2003; Mellahi & Wilkinson, 2004; García-Ramos et al., 2017; Young, 2018). External factors are beyond a firm's control, whereas internal factors, such as accounting practices, management teams, and choice of business model, are within a firm's influence and ability to overcome. Company failure is a complex problem, but many internal factors can be addressed by an effective board (Forbes & Milliken, 1999; Short et al., 1999).

The majority of the literature focuses on the boards of large, publicly listed

companies and on monitoring and control functions (Daily et al., 2003; Gabrielsson & Huse, 2004; Finegold et al., 2007; Uhlaner et al., 2007; Voordeckers et al., 2007; Neville, 2011). The remainder focuses on board composition (insider–outsider ratio, size, diversity, tenure), characteristics (education, age, ethnicity, experience, prestige), structure (flow of information, committees, leadership, group dynamics, board interlocks, CEO duality), and processes (frequency of meetings, control functions, decision process, reward systems), again with emphasis on the needs of large companies (Chaganti et al., 1985; Zahra & Pearce, 1989; Forbes & Milliken, 1999; Erhardt et al., 2003; Walt & Ingley, 2003; Van Den Berghe & Levrau, 2004; Finegold et al., 2007; Miller & Del Carmen Triana, 2009; Payne et al., 2009).

The unique needs of owner-manager companies (OMCs), which are generally synonymous with small businesses, have not been studied sufficiently. For the purposes of this research, an owner-manager is a person who owns a stake in a firm and acts as its chief executive officer. An OMC is a firm whose owner-manager operates it on a day-to-day basis (Daily & Dollinger, 1992; Feltham et al., 2005; Van Den Heuvel et al., 2006; Brunninge et al., 2007; Lobonţiu & Lobonţiu, 2014).

Though many are not legally required to have boards of directors, some OMCs do establish advisory boards or informal panels of advisors. These are not new, but little academic work has been published on them (Morkel & Posner, 2002; Blumentritt, 2006; Akers & Giacomino, 2011).

The cause of the high number of business failures is multifactorial. Therefore, any approach to improving the success of new businesses must address the complexity of the problem. Boards of directors and panel of advisors provide advice and counsel to

management teams and are valuable resources for a firm. A well-composed board can provide the knowledge, experience, and resources necessary to improve a company's chances of survival (Pearce & Zahra, 1992; Hillman & Dalziel, 2003; Van Gils, 2005; Blumentritt, 2006; Van Den Heuvel et al., 2006; Payne et al., 2009; Lappalainen & Niskanen, 2012). To function effectively, boards require a high degree of specialized knowledge and skill (Forbes & Milliken, 1999).

It has been theorized in the literature that businesses experience common problems at different stages of development. Churchill and Lewis (1983) recognized that even though small businesses vary widely in size and capacity for growth, they encounter similar problems at each stage. To help business owners anticipate resource needs and difficulties Churchill and Lewis (1983) formulated a five-stage framework of small business growth.

Overcoming these obstacles requires a solution based on a company's unique set of resources and constraints and the particular details of the situation it faces. No single corporate governance arrangement can meet the multifaceted needs of every company.

This research examines the role of advisors, whether in a board of directors or an informal advisory panel, through the lenses of stages of growth and resource-dependency theory to identify the knowledge and skills they should possess to help businesses overcome common obstacles at each stage of growth. An advisor equipped with the right knowledge and experience will be able to adapt to the unique set of resources, constraints, and challenges a company faces, improve its performance, and increase its odds of survival. But there is a lack of knowledge of which attributes actually improve the performance of OMCs, and this research will add to the body of knowledge needed to

fill that gap. A better understanding of this will have both theoretical and practical implications. This research focuses on identifying the most essential knowledge and experience for advisors to possess in order to enhance an OMCs performance.

This research targets OMCs with at least five employees, which represent the subset of small companies with the highest growth potential. The initial phase of the study synthesizes the existing literature to identify a core array of knowledge and experience in boards that is positively associated with company performance. There were few references in the literature to such knowledge and experience and little research to support the suggestions. None of the identified publications looked at boards in terms of the needs of OMCs (Forbes & Milliken, 1999; Hillman et al., 2000; Fich, 2005; Payne et al., 2009; Johnson et al., 2013; Faleye et al., 2018).

This work will add to the literature in several ways. Research is currently dominated by agency theory and the control functions of the board. Although control is an important aspect of corporate governance, in small businesses with concentrated ownership, studying control provides little insight into how survival rates can be improved. Instead, the present study provides a deeper understanding of the service role of advisors (advice, counsel, strategy, and resources) and its impact on small business survival rates. This will highlight the importance of not having a static panel of advisors: just as companies evolve, the knowledge and experience their advisors possess should change over time to align with the company's current stage of growth to meet the new challenges the company faces.

This work develops a prescriptive approach that can be taken by OMCs in any stage of growth. The results will enable owner-managers to create a profile of the

knowledge and experience they need in advisors to improve the company's performance at different stages of growth. An effective panel of advisors will help an OMCs deal with deficiencies in the knowledge of the owner-manager and the management team. An OMC typically lacks certain important resources due to cost, skills, or experience; a panel of advisors can extend the resources available to an organization.

Problem Formulation and Research Question

This research will investigate the impact of specific knowledge and experiences among advisors on OMCs' performance. There are two research questions that will be addressed in the quantitative study. The first research question is "What is the impact of advisors' industry or financial knowledge on owner-managed companies' performances?" The second research question is "What is the impact of advisors' entrepreneurial experience or managerial on owner-managed companies' performances?"

This research focuses on for-profit enterprises with at least five employees and fewer than a thousand.

An OMC may have a panel of advisors or a corporate board of directors. A board will have a legal fiduciary duty of care to the corporation and its shareholders, but a panel of advisors will not (Morkel & Posner, 2002; Blumentritt, 2006; Akers & Giacomino, 2011).

Advisor knowledge is the stock of information and expertise an advisor can use to give advice or counsel (Forbes & Milliken, 1999; Hillman et al., 2000; Zahra et al., 2007; Kor & Misangyi, 2008; Payne et al., 2009; Bammens et al., 2011; Dass et al., 2014). Advisor experience is time spent actually practicing in a given area, which provides advisors with industry ties and a practitioner's perspective on the topic. Advisors can

draw on this personal experience to counsel companies. Founding a company is an example of entrepreneurial experience (Hillman et al., 2000; Hillman & Dalziel, 2003; Walt & Ingley, 2003; Corbetta & Salvato, 2004; Zahra et al., 2007; Kor & Misangyi, 2008; Johnson et al., 2013; Dass et al., 2014). The impact of key entrepreneurs on boards may be greater in small businesses than in large ones (Brunninge & Nordqvist, 2004; Arthurs et al., 2009; Machold et al., 2011).

CHAPTER 2

LITERATURE REVIEW

Agency Theory

The majority of the literature on boards uses agency theory, focuses on large, publicly listed companies, and emphasizes the monitoring and control roles of the board (Davis et al., 1997; Daily et al., 2003; Gabrielsson & Huse, 2004; Finegold et al., 2007; Uhlaner et al., 2007; Voordeckers et al., 2007; Neville, 2011). Due to differences in ownership structure and other factors, agency theory is not applicable in this research (Forbes & Milliken, 1999; Voordeckers et al., 2007; Lappalainen & Niskanen, 2012; Neville, 2011).

Resource Dependency Theory

Resource dependency theory will be used to investigate the impact of advisors' knowledge and experience on OMCs' performance. The use of a resource-based approach to study the boards of small and medium-sized companies has been supported in the literature (Deakins et al., 2000; Gabrielsson & Winlund, 2000; Grundei & Talaulicar, 2002; Gabrielsson & Huse, 2005).

According to resource dependency theory, firms interact to obtain the resources necessary for their own survival, and board members can be valuable in extending a firm's resources. However, the use of an independent or outside board has not been definitively linked to improved financial performance, despite some evidence (Johnson et al., 1996; Gabrielsson & Winlund, 2000; Daily et al., 2002; Daily et al., 2003; Van Den Berghe & Levrau, 2004; Dahya & McConnell, 2007; Finegold et al., 2007).

Examining the needs of the business through the lenses of resource dependency theory and Churchill and Lewis's (1983) framework of five stages of small business growth will be helpful for identifying and predicting the knowledge and experience needed to improve a company's performance. Churchill and Lewis recognized that organizations experience similar challenges in similar stages of development; the five stages they identified are existence, survival, success, take-off, and maturity.

The literature has identified three core board roles: service, strategy, and control (Zahra & Pearce, 1989). In the service role, board members' value lies in providing knowledge and advice specific to the needs of the OMC (Baysinger & Butler, 1985; Daily & Dalton, 1994; Johnson et al., 1996; Westphal, 1999; Fiegener et al., 2000; Gabrielsson & Huse, 2005).

Inside and Outside Directors

The literature on board composition distinguishes between "inside" and "outside" board members or directors and frequently discusses the impact of the ratio between the two. An inside board member who is an employee, officer, or direct stakeholder in the company; an outside board member is not (Pettigrew, 1992; Westphal & Zajac, 1995). According to agency theory, too many inside directors on a board tend to cause the board to act in its own interest, resulting in ineffective monitoring and control of the management team and hurting shareholder value. A board consisting mostly of inside directors also has a limited ability to bring outside resources into the company. On the other hand, too few insiders on a board will mean that it lacks the firm-specific knowledge necessary to be effective. It's thus important that board composition be equitable (Zahra & Pearce, 1989; Daily et al., 2003).

Board Size and Diversity

Research findings regarding the optimal size of a board have been inconsistent. It has been hypothesized that larger boards are less susceptible to internal management control. A larger board can be more active in monitoring and evaluating a company's performance, thereby representing the interests of the shareholders more effectively. A bigger board can also bring more diverse experiences, knowledge, contacts, and other resources (Zahra & Pearce, 1989; Yermack, 1996; Forbes & Milliken, 1999; Van Den Berghe & Levrau, 2004; Finegold et al., 2007).

Findings on the importance of racial and gender diversity in boards have also been contradictory. Some studies have reported that diversity improved companies' performance, and others have found equal or worsened performance. It has been noted in some articles that diversity can hurt group dynamics even while improving overall decision making (Erhardt et al., 2003; Walt & Ingley, 2003; Miller & Del Carmen Triana, 2009; Johnson et al., 2013).

CEO Duality

Some studies have examined overall board power relative to the power of the CEO and the outside directors on the board. Researchers have hypothesized that a board that is weak relative to the CEO results in poor company performance. For this reason, advocates of agency theory feel that the positions of CEO and chairman of the board should be separated to avoid CEOs acting in their own interests rather than those of the shareholders. A strong board, by contrast, will promote innovation, strategic change, and acceptance of its decisions by the management team. Studies have looked predominantly at CEO duality and its impact on a firm's financial performance and have reported mixed

results (Pettigrew, 1992; Daily et al., 2002; Van Den Berghe & Levrau, 2004; Finegold et al., 2007; Payne et al., 2009; Lappalainen & Niskanen, 2012; Platt & Platt, 2012).

Board Interlocks

An interlocking member of a board of directors is one who sits on at least one other board (Pettigrew, 1992). Board interlocks have been identified as a possible mechanism for firm collusion and cooperation. On the positive side, board interlocks can be a source of legitimacy for a business and a source of enhanced information flow into inter-organizational knowledge. On the negative side, due to the Clayton act of 1914, it specifically outlaws interlocking directors among organization's that compete in the same industry. Despite the Clayton act, there is a substantial number of interlocking directorships at large companies. The research suggests that director interlock can have either a positive or negative influence (Haunschild & Beckman, 1998; Platt & Platt, 2012).

Board Tenure

Studies have also investigated board tenure and its impact on an organization's performance. It has been theorized that longer tenure increases the board's firm-specific knowledge and improves its cohesiveness as a decision body. With tenure on a board, directors speak a common language, build internal social capital, knowledge of a company's past commitment, and are able to exploit their knowledge of the company and industry more efficiently to the benefit of the company (Kor & Sundaramurthy, 2009). Huang and Hilary reported an increase in board tenure from five to seven years, was associated with an increase in firm value of 2.7% and an increase on return of assets (ROA) of 4.3%. This same study, then reported a decrease in board tenure from 13 to 11

years resulted in an increase of 1.3% to firm value and 1.2% increase in ROA of the companies they studied (2018). Hillman, Shropshire, Certo, Dalton and & Dalton (20110 found that shareholders were discontented with the monitoring oversight of long-term directors. Findings on the impact on firm performance have been inconsistent, however (Forbes & Milliken, 1999; Johnson et al., 2013).

Board Skills and Experiences

Numerous studies have discussed the potential impact of board members' skills and experience on a company's performance. However, there is little research on what specific knowledge and experience board members should possess to increase their likelihood of improving the company's performance. This guidance is needed to align board members' and advisors' knowledge and experience with organizations' needs.

Even when a particular skill or area of experience is identified as vital for board members, there is a distinct lack of supporting research provided. The most mentioned skills are finances and accounting, law, sales, marketing, and technology; the most mentioned areas of experience are executive, managerial, and industry experience (Castaldi & Wortman, 1984; Forbes & Milliken, 1999; Hillman et al., 2000; Fich, 2005; Roy, 2008; Payne et al., 2009; Johnson et al., 2013; Veltrop et al., 2017; Adams et al., 2018; Drobetz et al., 2018; Faleye et al., 2018). Yet there is little published empirical research on the benefits to a firm having a board member with entrepreneurial experience. This probably reflects the fact that little of the research is on OMCs.

Board Role in Small Businesses

Several researchers have suggested that boards can play a more critical role in small businesses than in large corporations (Castaldi & Wortman, 1984; Forbes &

Milliken,1999; Johannisson & Huse, 2000; Van Den Heuvel et al., 2006; Gabrielsson, 2007; Voordeckers et al., 2007; Kor & Misangyi, 2008). Neville (2011) observed that the boards of small and medium-sized enterprises remain an untapped resource. OMCs often have a single decision maker (Daily & Dollinger, 1992; Feltham et al., 2005; Van Den Heuvel et al., 2006; Brunninge et al., 2007; Lobonţiu & Lobonţiu, 2014). Based upon my experience as an owner-manager companies with only one decision maker are likely to benefit the most from the resources, advice, and counsel a panel of advisors provides.

An owner-manager seeking to assemble a board or panel of advisors would find little or no guidance in the literature available today. But knowing what knowledge and experience will have the greatest impact on the company's performance would help the owner-manager construct a panel of advisors that could improve the company's chances of survival and help it realize its full potential. This research will identify advisor attributes that can contribute to the success of OMCs. Improving the survival rate of small businesses should help sustain economic growth.

CHAPTER 3

QUANTITATIVE STUDY

Background

Small businesses are an important engine of economic growth and are essential to the stability and health of the national and global economies (Gaskill et al., 1993; Van Gils, 2005; Voordeckers et al., 2007; Zahra, Neubaum & Naldi, 2007; Walsh & Lipinski, 2009; Lappalainen & Niskanen, 2012). Three years of data from the U.S. Census Bureau's business information tracking show that small businesses have poor survival rates (Phillips & Kirchhoff, 1989; Headd, 2003; Hayward et al., 2006). External factors are beyond a firm's control, whereas internal factors, such as accounting practices, management teams, and choice of business model, are within a firm's influence and ability to overcome. Company failure is a complex problem, but many internal factors can be addressed by an effective board (Forbes & Milliken, 1999; Short et al., 1999).

The unique needs of owner-manager companies (OMCs), which are generally synonymous with small business, have not been studied sufficiently. Without a legal requirement for a board of directors, some OMCs establish panels of advisors. This quantitative study theorized that an advisor equipped with the right knowledge and experience would be able to adapt to the unique resources, constraints, and problems a company has at each stage of growth to improve its performance and increase its chances of survival. This research investigated the impact of specific knowledge and experiences among advisors on OMCs' performance.

Conceptual Model and Hypotheses

This research investigates the impact of specific advisor knowledge and experience on OMCs' performance. Figure 1 below outlines the conceptual model used, which illustrates how specific knowledge and experience affect a company's performance, as moderated by its stage of growth.

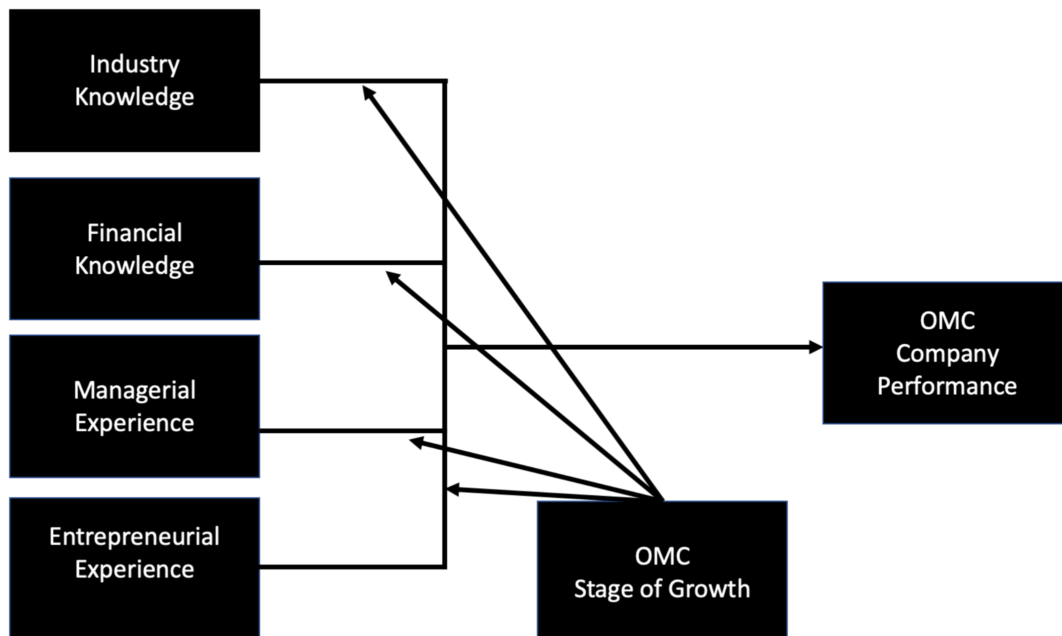

Figure 1. Conceptual Model

An essential topic of this investigation is the impact of a business's stage of growth on the value of particular knowledge and experience. In the early 1980s, Churchill and Lewis (1983) recognized that even though small businesses vary widely in size and capacity for growth, they encounter common problems at each stage of development. The researchers created their model of the five stages of small business growth as a framework to help business owners anticipate resource needs and difficulties.

The stages in the Churchill and Lewis model are (I) existence, (II) survival, (III) success, (IV) take-off, and (V) resource maturity. Each stage factors in the size, diversity, and complexity of the organization. Management factors include managerial style, organizational structure, number of formal systems, level of owner's involvement, and strategic goals. After a careful analysis of this model and in an effort to create a more parsimonious model I condense these five stages to three: (I) early, (II) growth, and (III) maturity.

Stage I, early, is the combination of the existence and survival stages of the Churchill and Lewis model. Most of the attributes of both of these stages are incorporated: The organization structures are simple, and employees carry out well-defined orders from the owner. Formal systems range from minimal to nonexistent. It is still an open question whether the business will survive and grow, stay locked in its current stage, or fail. The company's primary strategy at this point is survival, and the key to success is the owner's ability to do the job.

Stage II, growth, is the combination of success and take-off in the Churchill and Lewis model and retains most of their attributes: The company is no longer fighting for survival. It has sufficient economic health, size, and market penetration to ensure financial success. The professionalization of the management team is well underway, and the owner now acts more as a general manager; success depends on the owner spending less time doing and more time managing. A shared decision-making process is in place, as are basic financial, marketing, and production systems. The company systems range from basic functionality to maturity. At this stage of growth, both operational and

strategic planning are starting to take place and involve specific managers in the organization. The primary strategy of the company is growth.

Stage III, maturity, is the same as stage V, resource maturity, in the Churchill and Lewis model. The organization is typically a line-staff organization now. Managers establish goals and directives that are fulfilled by staff members. The company has the personnel and financial resources to engage in detailed strategic and operational planning. Its management is decentralized, experienced, and adequately staffed. The internal systems are extensive and well developed. The primary strategy is return on investment (Churchill & Lewis, 1983).

This condensed version of small business growth stages remains true to the constraints and demands of the original Churchill and Lewis model. Using a condensed version of the Churchill and Lewis model, provided this study with additional benefits. In preparation for this study, several owner-managers were consulted with. The majority of them were unfamiliar with the Churchill and Lewis model. When we discussed the intricacies of the different stages of small business growth, they found it confusing. When we presented owner-managers with a condensed version of the model, they were very comfortable choosing a stage of growth that best fit their company. From the statistical perspective, the condensed version of the model minimized the degrees of freedom in the model helping to keep the number of values in the study that could vary to a minimum.

According to a review of the literature, these are the core skills and experience board members should possess: industry knowledge, finance and accounting skills, legal knowledge, sales and marketing skills, and executive and managerial experience. This list is heavily weighted toward the needs of large public corporations, however.

Industry knowledge is possessed by advisors who have expertise in the OMC's field. Intimate knowledge of the industry can let advisors recognize trends and competitive forces affecting the major players. Recent surveys have indicated this is the most sought-after qualification in large companies' board members, yet there is little evidence of its value (Lai, Chen & Chen, 2014; Meyerinck, Oesch & Schmid, 2016; Faleye et al., 2018).

An entrepreneur is a person who creates an organization to pursue a perceived opportunity (Bygrave & Zacharakis, 2004). A person who starts a company must have a firm understanding of their customers and their customers' needs. Inherent in this attitude is the belief that they understand the industry better than anyone else, or they would never have had the confidence to establish the company. This in-depth industry knowledge enables the owner-manager to navigate the company through stage I. As the company enters stage II, the owner-manager delegates more work and spends more time managing and less time in the trenches doing the day-to-day tasks. This takes them further away from the industry, as their time and effort are focused on business operations. A board member who possesses industry knowledge will thus have a more significant impact on OMC performance in stage II. Therefore, we conjecture the following:

Hypothesis 1. An advisor's industry knowledge is more positively associated with an OMC's performance in stage II than in stage I or III.

Finances and accounting are critical components of any business. Accounting is often called the language of business, and profit is the primary measure of success. For companies' managers to succeed, they must work with budgets and financial statements to make crucial decisions (Lussier, 2019). The financial needs of a business can be

complicated and change throughout the stages of the company's growth. A board member with finance and accounting skills can provide insights into current and future financial needs (Roy, 2008; Minton et al., 2014) and fill knowledge deficits in the OMCs to help it address its current financial needs and plan more effectively for the future. An advisor with financial knowledge can also help an OMC by providing introductions to funding sources and other resources.

In stage I, the company is in survival mode. Until it has an established base of customers and a proven suite of products or services, its ability to invest in the future is limited. Once the company enters stage II, growth, it has by definition secured these resources. Owner-managers can think strategically, have a platform for growth, and a variety of financial options. The key problems they now face are how to grow rapidly and how to finance that growth. Therefore, I hypothesize the following:

Hypothesis 2. An advisor's financial knowledge is more positively associated with an OMC's performance in stage II than in stage I or III.

Legal skills enable an advisor to offer advice to the owner-manager on legal matters, from contracts to state and federal requirements. There is evidence that having a lawyer on the board of directors improves company performance; a review of public companies from 2000 to 2009 showed a 9.5% increase in firm value in such cases (Litov et al., 2014). Organizations in heavily regulated industries or holding substantial intangible assets, such as patents, benefit most specifically from legal expertise. Operating a business lawfully is important, but most OMCs need little ongoing legal advice, so this particular knowledge base was not investigated in the present study.

Sales management consists of organizing, supervising, and motivating sales teams to obtain market share (Spinelli & Adams, 2016). Many companies consider their salesforce to be their most valuable asset (Bygrave & Zacharakis, 2004). A repeatable, scalable sales process is critical to the long-term survival and success of a business, as a company's approach to sales must evolve over time in response to the changing landscape of competing products and services. Advisors with sales management skills can provide advice to owner-managers on many facets of sales. Through their networks, they can also introduce owner-managers to other organizations that can help them acquire sales talent, identify tools for increasing sales, and provide introductions to organizations that offer services to improve the sales process. This research investigates overall managerial experience, including sales management, but does not focus on sales as a specific expertise.

CEO and managerial experience are sought for corporate boards across the United States (Fich, 2005). Board members with such experience are generally seasoned executives who have been at the helm of a business and are familiar with multiple functional areas of companies, including human resources, operations, finances, and sales. These executives understand the importance of strategies and priorities for moving an organization in the right direction. A board member with executive or managerial experience can provide practical advice and counsel on a wide range of organizational subjects. Through their networks, they can also help organizations obtain resources they need (Daily & Dalton, 1994; Hillman et al., 2000; George et al., 2001; Daily et al., 2003; Lynall et al., 2003; Hillman & Dalziel, 2003; Neville, 2011).

In stage I, the organization has a simple structure and the employees typically carry out the well-defined orders of the owner-manager. As the business evolves into stage II, the professionalization of the management team is well underway, and with it the development of a shared decision-making process. The organizational structure is no longer simple. The systems the business relies on are evolving rapidly. The success of the company depends on its owner spending less time doing and more time managing. Advice is most needed at this stage. Therefore, we hypothesize the following:

Hypothesis 3. An advisor's managerial experience is more positively associated with an OMC's performance in stage II than in stage I or stage III.

The Small Business Association describes marketing as creating a plan to persuade customers to buy a product or service (n.d.). Although there are contradictory data on the value of marketing skills on a corporate board, there is also a lack of literature for the case of OMCs (McDonald, 2006; Verhoef & Leeflang, 2011; Strandvik et al., 2014). Entrepreneurial and owner-manager companies face unique marketing challenges, as they typically lack marketing expertise or the option to hire it. This prevents these organizations from conducting market research or testing marketing strategies (Bygrave & Zacharakis, 2004). The present work investigates entrepreneurial experience, which includes experience handling the unique marketing challenges faced by OMCs.

The majority of board research focuses on large public companies that are well established and do not face the same challenges as small companies, which are more in alignment with those faced by entrepreneurs. An advisor with entrepreneurial experience will have extensive knowledge of the establishment and growth of new business ventures. Entrepreneurs typically have limited financial and managerial resources but are adept at

thinking strategically and creatively to obtain resources (Jarillo, 1989; Bygrave & Zacharakis, 2004). The knowledge they gained as entrepreneurs can be a valuable resource for the owner-manager.

In stage I, the company founder perceives an opportunity and establishes an organization to pursue it. The question to be answered then is whether the business can attract enough customers and deliver its products and services well enough to become economically viable. The company still lacks resources at every level. An entrepreneur's counsel and resources can make the difference between thriving and extinction. Therefore, I hypothesize the following:

Hypothesis 4. An advisor's entrepreneurial experience is more positively associated with an OMC's performance in stage I than in stage II or stage III.

Figure 2 illustrates the conceptual framework used in this research. This framework highlights how an OMC's panel of advisors provides advice, counsel, and resources.

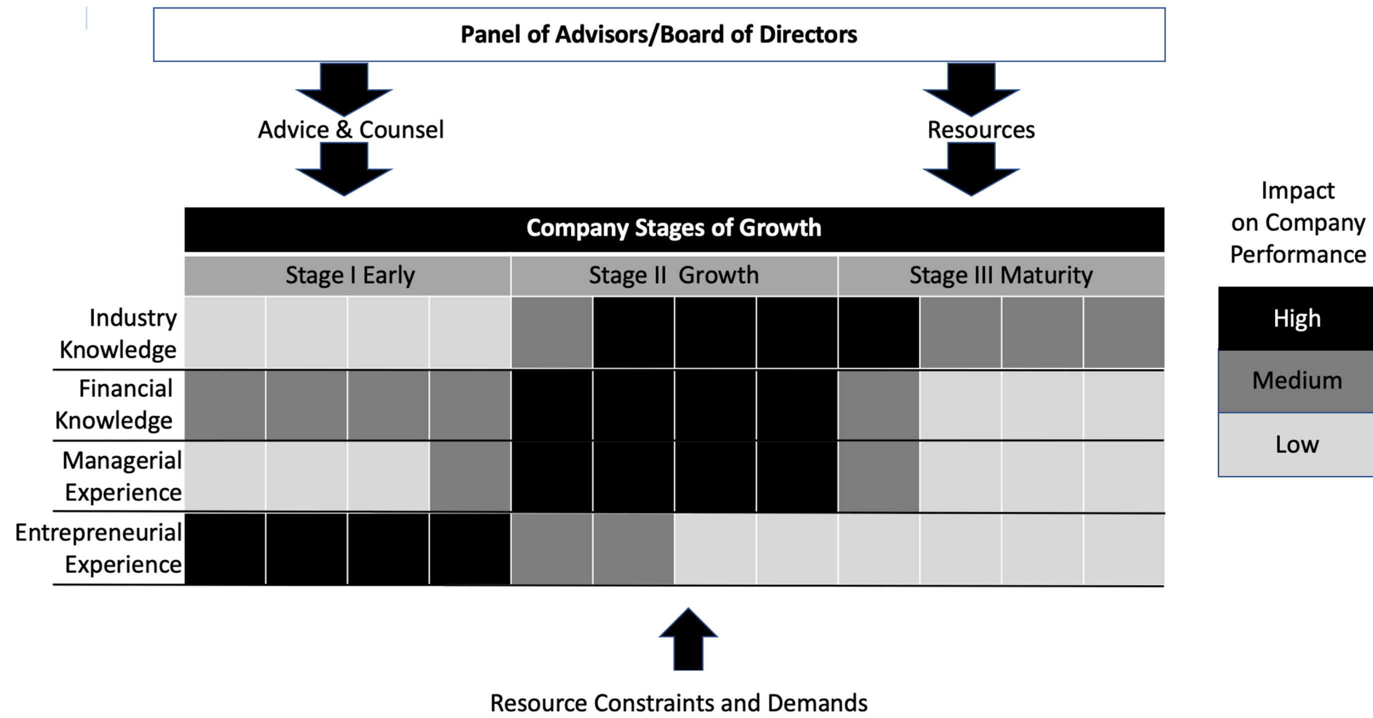

Figure 2. Conceptual Framework

Methods

Public companies sell shares to the general population, making them subject to many regulations and reporting requirements put in place to protect investors. In the United States, the Securities and Exchange Commission (SEC) requires public companies to make annual reports and quarterly financial statements available to the public. The same requirement does not apply to OMCs, as the majority of them are private companies under no obligation to disclose their information publicly. In fact, OMCs are often reluctant to share information on their financial performance and internal governance, making it difficult to obtain reliable data on non-listed private companies from secondary sources (Zahra et al., 2007). To overcome this obstacle, a 21-question survey developed, delivered, and administered electronically using the Qualtrics survey software (2020). Survey questions are detailed in Appendix A.

The survey collected data on OMCs' performance and the knowledge and experience of their boards of directors or advisors. To eliminate common method bias, several remedies were applied in the development of the survey and data collection. Respondents' anonymity was maintained, and they were assured of the confidentiality of their responses in the opening statement of the survey. Improvements of the scale items and simplification of the questions reduced ambiguity. To further reduce common method bias, the survey used only closed-ended questions (Podsakoff et al., 2003).

The target of the study included small and medium-sized OMCs. The European Commission defines a medium-sized business as one with a headcount of fewer than 250 people and €50 million or less in annual revenue. In the European Union, SMEs account for 99% of businesses (European Commission, 2017).

According to the United States' Small Business Administration (SBA), more than 99% of U.S. businesses are small, although the precise number of employees needed to qualify as small depends on the industry. The SBA considers factors such as the structure of the industry, competition, average firm size, barriers to entry, growth trends, and historical activity when establishing these parameters. The statistical mode of all of the industries listed in the SBA size standards is 500 employees (U.S. Government Publishing Office, 2019). This research targeted organizations by number of full-time equivalents (FTEs) instead of full-time employees, as many organizations now use contractors and part-time workers in their day-to-day operations, and it did not factor in the age of the company. Therefore, for the purposes of this survey, only organizations with 999 or fewer FTEs were considered.

Both the European Commission and the SBA associate revenue caps with size categories, but this survey considered all OMCs, regardless of revenue. To qualify for inclusion, a company needed only to have an FTE count greater than four and to be classified as for-profit.

Three trial surveys were sent electronically to approximately twenty people who had been asked beforehand if they would be willing to provide feedback. All the feedback received was reviewed, and where appropriate it was incorporated into the final survey used to collect data on OMCs. Participants in the trial survey included owners or advisors to OMCs and represented companies of all growth stages and sizes.

The trial surveys uncovered an immediate difficulty about surveying OMCs. In a traditional profession, practitioners share a common language; for example, accountants all understand balance sheets and income statements. By contrast, owner-managers, who

come from all walks of life, levels of education, and types of experience, do not all share a language. Several participants in the trial survey did not know the term "full-time equivalents." One in particular had close to a hundred employees and had great success as an owner-manager yet did not know the term. This lack of a common language led to a redesign of the survey to ensure that it would be understood by owner-managers no matter their experience or education.

Table 1. Sources of Survey Data

Sources of Survey Data		
Survey Source	Frequency	Percentage
Int. Association Cloud & Managed Service Providers	7	4%
LinkedIn	164	96%
	171	100%

The initial target for this survey was the International Association of Cloud and Managed Service Providers (MSPs). This group has more than thirty thousand members, a subset of are owner-managers or advise OMCs. The original plan agreed on by the organization involved targeting members with specific titles in an email campaign. Due to privacy concerns raised by the organization's legal team, however, this approach was rejected, and an alternative plan was developed to inform members of the survey through an electronic newsletter. An article designed to catch the attention of owner-managers and requesting their participation was also published. These efforts only netted seven responses, of which only four were complete enough to be incorporated into the final

findings (see Table 1). Therefore, a third approach was developed to gather the remaining data.

LinkedIn, a professional networking platform with more than 600 million users, was helpful for identifying possible further participants. LinkedIn was searched for members with the terms "CEO," "owner," "founder," "advisor," or "board" associated with their accounts. While LinkedIn does not share how its search algorithms work, the searches provided some insight. LinkedIn returns the names of people who have some connection to the account of the user conducting the search—people who attended the same school, worked at the same company, or had another first- or second-degree relationship with the user might appear in the results.

Table 2. Participation Rate

Participation Rate of 1st-Degree Connected LinkedIn Accounts		
LinkedIn	Total	Percentage
"CEO"," Owner", "founder", "advisor" & "Board" Target Pool of Participants	835	100%
Attempted Surveys	164	20%

	Frequency	Percentage
Surveys Used in Study	102	59.65%
Incomplete Surveys (Removed)	66	38.60%
Outside Scope of Study (Removed)	3	1.75%
Attempted Surveys	171	100.00%

The results of each search were reviewed manually to identify candidates for inclusion. A small personal invitation was then crafted and sent to each match asking them to accept a connection. If the recipient were to inspect the account sending the request, they would see a serial entrepreneur who held the titles of CEO, founder, co-founder, and board member and was attending a doctoral program. The invitation was accepted by 498 people, giving each of them a first-degree connection to the inviting account, and each of their complete LinkedIn profiles became available for review. Each person with an email address in their profile received a personal message specific to their role, asking them to participate in a doctoral study. A short LinkedIn message was sent when no email address was available making the same request.

In total, LinkedIn yielded an additional 164 potential survey participants, bringing the total to 171 (see Table 2). Of the 835 members with a first-degree connection to the inviting account and one of one of the following terms associated with their own accounts—“CEO,” “owner,” “founder,” “advisor,” “board”—164 of them attempted to participate in the survey, a 20% response rate.

Sixty-six participants’ surveys were eliminated from the study due to incomplete responses, and three others were eliminated for not meeting the criteria for inclusion. The remaining 102 responses were used for data analysis (see Table 2).

The primary target of this study was owner-managers who are active in the day-to-day operations of their business. The secondary target was formal board members and advisors to OMCs.

Table 3. Survey Response by Role

Survey Response by Role		
Role	Frequency	Percentage
Advisor	31	30.39%
Owner	71	69.61%
	102	100.00%

Advisors to the OMCs were defined as a formal or informal group of one or more people whom the owner consults periodically for advice on any number of business issues, including sales, finance, and marketing. Unlike a board of directors, advisors have no authority over corporate matters. In this study, 69.61% of the data came from owner-managers. The remaining 30.39% of the data came from advisors to OMCs (see Table 3).

Table 4. Survey Response by Country

Survey Response Rates by Country		
Country	Frequency	Percentage
Belgium	3	2.94%
Canada	1	0.98%
Cyprus	1	0.98%
India	2	1.96%
Israel	1	0.98%
Singapore	1	0.98%
Uganda	1	0.98%
Ukraine	1	0.98%
United Kingdom	2	1.96%
United States	89	87.25%
	102	100.00%

Ten countries were represented in the study. The top four were the United States (87.25%), Belgium (2.94%), India (1.96%), and the United Kingdom (1.96%), which together provided 94.11% of the data. See Table 4 for a list of all the countries represented.

Table 5. Survey Response by Company Stage of Growth

Survey Response by Company Stage of Growth		
Stage	Frequency	Percentage
Early	25	24.51%
Growth	61	59.80%
Mature	16	15.69%
	102	100.00%

Stage II companies made up the majority of the companies in this study, at 59.80%, followed by stage I companies at 24.51% and stage III at 15.69% (see Table 5). The companies included spanned 14 industries (including a category for "other"). The top four were professional, scientific, and technical (28.43%); information (25.49%); other (13.73%); and healthcare and social assistance (6.86%), which provided approximately 74% of the data. See Table 6 for a list of all the industries represented.

Table 6. Survey Response by Industry

Survey Response by Industry		
Industry	Frequency	Percentage
Accommodation and Food Services	1	0.98%
Agriculture, Forestry, Fishing and Hunt	1	0.98%
Construction	4	3.92%
Educational Services	1	0.98%
Finance and Insurance	2	1.96%
Health Care and Social Assistance	7	6.86%
Information	26	25.49%
Manufacturing	2	1.96%
Other	14	13.73%
Other Services (except Public Administer)	5	4.90%
Professional, Scientific, and Technical	29	28.43%
Retail Trade	5	4.90%
Transportation and Warehousing	2	1.96%
Wholesale Trade	3	2.94%
	102	100.00%

The companies studied ranged in size from five FTEs to 999. According to the Small Business Administration's Office of Advocacy, firms with fewer than one hundred employees have the largest share of small business employment (2018).

Eighty percent of the companies in this study reported having fewer than one hundred employees, well in line with the Small Business Administration profile of a small business.

See Table 7 for Survey Response by Company FTE Size.

Table 7. Survey Response by Company FTEs Size

Survey Response Rate by Company FTEs Size		
FTE's	Frequency	Percentage
5-9	24	23.53%
10-19	23	22.55%
20-49	18	17.65%
50-99	17	16.67%
100-249	12	11.76%
250-499	5	4.90%
500-999	3	2.94%
	102	100.00%

Dependent Variables

Two measures of company performance served as dependent variables of this study: revenue growth percentage and full-time-equivalent growth percentage (see Table 8). *Revenue growth percentage* (RPT_REV_GROWTH_PCT) was the self-reported percentage increase or decrease in annualized revenue over the previous 12-month period. It was obtained through the survey as a self-reported number. Unlike public corporations, OMCs are under no obligation to report their financial data, and without comprehensive financial information, it is not possible to calculate a company's revenue growth rate. Even though the surveys were anonymous, several participants expressed reluctance to share detailed financial data. However, they did agree to share their percentage change in revenue.

Full-time-equivalent growth percentage (FTE_GROWTH_PCT) was also obtained through the survey as a self-reported number. Full-time equivalents included both full-time employees and contractors.

Table 8.

Constructs.

Construct	Conceptual Definition	Measure (Variable)	Calculation of Variable
Owner-Manager Company's (OMC) Performance	Annual growth rate of sales. (Daily & Dollinger, 1992; Lappalainen & Niskanen, 2012) Total number of full-time equivalent employees.(Daily & Dollinger, 1992; Fiegener, Brown, Dreux, & Dennis, 2000; Davidsson, Kirchhoff, Hatemi-J & Gustavsson, 2002; Zahra, Neubaum, & Naldi, 2007; Payne, Benson & Finegold, 2009; Machold, Huse, Minichilli & Nordqvist, 2011)	Self-reported revenue growth percentage increase or decrease in last 12 months. Self-reported FTE growth percentage. FTE_2019: How many FTEs did the company have on Dec 31, 2019? FTE_2020: How many FTEs do you expect the company to have on Dec 31, 2020?	Revenue growth % FTE_2020 – FTE _2019 / FTE_2019 × 100
Advisor's Industry Knowledge	The ability of the board to draw on personal knowledge to provide advice, counsel, and resources to the company's management team in business strategy, competitive environment, industry trends, market knowledge, and strategic partners. (Van Gils, 2005; Zahra, Neubaum, & Naldi, 2007; Kor & Misangyi, 2008; Payne, Benson & Finegold, 2009; Machold, Huse, Minichilli & Nordqvist, 2011)	IND_TREND: Number of advisors an board members who are familiar with the company's industry and its significant trends or key players. IND_KNOW: Number of advisors and board members who are retired executives from a similar industry or a similar type of company.	((IND_TREND + IND_KNOW) / 2) / NUM_ADV × 100. Note: NUM_ADV is total number of advisors.
Advisor's Financial Knowledge	The ability of the board to draw on personal knowledge to provide advice, counsel, resources to the company's management team for assessing the company's financial	FIN_KNOW: Number of advisors and board members who are comfortable interpreting the company's financial reports	((FIN_KNOW + FIN_CAP) / 2) NUM_ADV × 100.

Table 8.

(continued)

Construct	Conceptual Definition	Measure (Variable)	Calculation of Variable
	performance and obtaining capital. (Voordeckers, Van Gils & Van Den Heuvel, 2007;Zahra, Neubaum, & Naldi, 2007;Payne, Benson & Finegold, 2009; Lappalainen & Niskanen, 2012)	FIN_CAP: Number of advisors and board members who have experience raising capital or obtaining business loans.	
Advisor's Managerial Experience	The ability of the board to draw on personal experience to provide advice, counsel, and resources to the company's management team on day-to-day operations, organizational decision making, planning, and recruitment. (Fiegener, Brown, Dreux, & Dennis, 2000; Van Den Heuvel, Van Gils & Voordeckers, 2006; Voordeckers, Van Gils & Van Den Heuvel, 2007;Zahra, Neubaum, & Naldi, 2007; Kor & Misangyi, 2008; Arthurs, Busenitz, Hoskisson & Johnson, 2009; Payne, Benson & Finegold, 2009; Machold, Huse, Minichilli & Nordqvist, 2011)	MGR_BIG: Num of advisors and board members who have held senior management positions at large companies. MGR_SMALL: Number of advisors and board members who have held senior management positions at small companies.	((MGR_BIG + MGR_SMALL) / 2) NUM_ADV × 100.
Advisor's Entrepreneurial Experience	Ability of the board to draw on personal entrepreneurial experience to provide advice, counsel, and resources to the company's management team. (Brunninge & Nordqvist, 2004; Zahra, Neubaum, & Naldi, 2007; Arthurs, Busenitz, Hoskisson & Johnson, 2009; Payne, Benson & Finegold, 2009; Machold, Huse, Minichilli & Nordqvist, 2011)	ENT_STR: Number of advisors and board members who have started a business or been part of a startup. ENT_BIG: Number of advisors and board members who have been part of a public or private company's effort to exploit a new business opportunity.	((ENT_STR + ENT_BIG) / 2) NUM_ADV × 100.

Table 8.

(continued)

Construct	Conceptual Definition	Measure (Variable)	Calculation of Variable
Stage I, Early	Transition between predictable stages of development, which causes different organizational characteristics to become more valuable. (Fiegener, Brown, Dreux, & Dennis, 2000; Voordeckers, Van Gils & Van Den Heuvel, 2007; Zahra, Neubaum & Naldi, 2007)	Characterized by simple organizational structure, one-to-one relationships with management, and direct supervision. The business needs to establish a customer base and a portfolio of products and services to prove itself viable. Everything has a short-term time horizon. The owner does everything or is involved in every part of the company.	Self-reported
Stage II, Growth	Transition between predictable stages of development, which causes different organization characteristics to become more valuable. (Fiegener, Brown, Dreux, & Dennis, 2000; Voordeckers, Van Gils & Van Den Heuvel, 2007; Zahra, Neubaum & Naldi, 2007)	Characterized by having supervisors or managers and basic marketing, financial, and operation systems in place. Planning takes the form of operational budgets with both short- and long-term perspectives. The company has an established base of customers and an established portfolio of products and services	Self-reported
Stage III, Mature	Transition between predictable stages of development, which causes different organization characteristics to become more valuable. (Fiegener, Brown, Dreux, & Dennis, 2000; Voordeckers, Van Gils & Van Den Heuvel, 2007; Zahra, Neubaum & Naldi, 2007)	Characterized by stability, professional management, formally documented processes, and information systems. There is an established strategic planning process.	Self-reported

Participants in the survey reported numbers of FTEs on December 31, 2019 (FTE_2019) and the number they anticipated having on December 31, 2020 (FTE_2020). Full-time-equivalent growth percentage was then calculated as FTE_2020 – FTE _2019 / FTE_2019 × 100.

Headcount or company size is frequently used as an essential attribute of small and medium-sized businesses. Although companies rarely set headcount growth as a goal, it serves as an indicator of the company's performance (Daily & Dollinger, 1992; Fiegener et al., 2000; Davidsson et al., 2002; Van Den Heuvel et al., 2006; Voordeckers et al., 2007; Zahra et al., 2007; Machold et al., 2011; Lappalainen & Niskanen, 2012). For instance, companies' survival rates tend to increase with their age and size (Almus, 2004; Persson, 2004).

Independent Variables

Four primary independent variables were examined: advisors' industry knowledge, financial knowledge, managerial experience, and entrepreneurial experience. The survey used two questions to mitigate single-source bias and allow for more precise, straightforward questions to measure advisors' knowledge and experiences in these areas (Podsakoff et al., 2003). The answers were averaged using the total number of advisors (NUM_ADV) to level a large panel of advisors to a small panel. This calculation yielded the percentage of the advisors who possessed knowledge and experience in each area. This percentage was then used to measure the influence of this knowledge and experience on company performance (see Table 8).

Industry knowledge. Survey participants were asked how many of their advisors and board members were familiar with their company's industry and its significant trends

or key places (IND_TREND). They were also asked how many advisors and board members were retired executives from a similar industry or company (IND_KNOW). The industry knowledge percentage was then calculated as ((IND_TREND + IND_KNOW) / 2) / NUM_ADV × 100.

Financial knowledge. Participants were asked how many of their advisors and board members were comfortable interpreting the company's financial reports (FIN_KNOW), and how many had experience raising capital or obtaining business loans (FIN_CAP). The financial knowledge percentage was calculated as ((FIN_KNOW + FIN_CAP) / 2) NUM_ADV × 100.

Managerial experience. Participants were asked how many of their advisors and board members had held senior management positions at large companies (MGR_BIG) and at small companies (MGR_SMALL). Managerial experience percentage was calculated as ((MGR_BIG + MGR_SMALL) / 2) NUM_ADV × 100.

Entrepreneurial experience. Participants were asked how many of their advisors and board members had started a business or been part of a startup (ENT_STR), and how many had been part of a public or private company's effort to exploit a new business opportunity (ENT_BIG). Entrepreneurial experience percentage was calculated as ((ENT_STR + ENT_BIG) / 2) NUM_ADV × 100.

High percentage industry knowledge: When the overall percentage of the panel of advisors with industry knowledge was greater than 50%, it was identified as having a high percentage of industry knowledge.

High percentage financial knowledge: When the overall percentage of the panel of advisors with financial knowledge was greater than 50%, it was identified as having a

high percentage of financial knowledge.

High percentage managerial experience: When the overall percentage of the panel of advisors with managerial experience was greater than 50%, it was identified as having a high percentage of managerial experience.

High percentage entrepreneurial experience: When the overall percentage of the panel of advisors with entrepreneurial experience was greater than 50%, it was identified as having a high percentage of entrepreneurial experience.

Advisor compensation: This is an indicator of whether advisors received any form of compensation, from money to stock options. It was set to 0 for no and 1 for yes.

Moderating Variable

Stage of growth: This study used Churchill and Lewis's (1983) five stages of small business growth, condensed to three stages to reduce confusion in survey participants and prevent single-source bias (Podsakoff et al., 2003). The survey participants selected and indicated the stage that best reflected their company's development at the time of the survey.

Analysis and Results

This study used two measures of company performance: revenue growth percentage and full-time-equivalent growth percentage. A number of ordinary least squared (OLS) linear regression models were created and executed in Stata/IC 16.1 to determine the influence of different factors on these measures.

Knowledge and Experience No Stage Moderator

A linear regression model was created to determine whether the panel of advisor's industry knowledge percentage, financial knowledge percentage, managerial experience

percentage, or entrepreneurial experience percentage is associated with a company's revenue growth percentage without the potential moderating effects of a company's stage of growth. The logarithm of the dependent variable revenue growth percentage was used to normalize the data. When more than half the advisors had knowledge or experience in an area, the panel of advisors was coded as high in that area and otherwise as low.

The independent variables are panel of advisor's high industry knowledge, high financial knowledge, high managerial experience and high entrepreneurial experience. In this linear regression, indicator variables were used for industry fixed effects. An indicator variable for USA was included, and the following two indicator variables for industry were also included: One industry indicator for Professional Scientific & Technical Services and the other for Information. (see Table 9).

Table 9. Knowledge and Experience no Stage Moderator

OLS Regression Analysis		
Knowledge and Experience no Stage Moderator		
	Log (Revenue Growth %)	Log (FTE Growth %)
High Industry Knowledge	0.0265	-0.014
High Financial Knowledge	0.8915***	0.8119**
High Managerial Experience	0.4527	0.3924*
High Entrepreneurial Experience	0.0391	0.2418
Industry Professional Scientific & Technical Services	1.2086***	1.2779***
Industry Information	0.7167**	0.9132***
USA	2.4809***	2.4590***
Number of Observations	102	102
R Squared	0.8862	0.9005

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

This regression indicated an R-squared of 0.8862 with the seven variables in this model, explaining approximately 89% of the change in revenue growth percentage. This R-squared value is artificially high from the effects of confounding. Confounding can bias estimates, including biasing the R-squared value upwards. Confounding happens when something is missing from the model that affects both the independent and dependent variables. The independent variables in this example are the different knowledges and experiences, and the dependent variables are revenue growth percentage and FTE growth percentage. When the stage of growth is introduced into a similar model (see Table 12), we observe an R-square value that is not artificially inflated. This provides further evidence that the stage of growth is important.

Businesses with high financial knowledge on the panel of advisors have 0.9% higher revenue growth rate. This positive relationship of high financial knowledge to revenue growth percentage is significant ($p < .01$.)

Another linear regression model was created to determine whether industry knowledge percentage, financial knowledge percentage, managerial experience percentage, or entrepreneurial experience percentage is associated with a company's full-time-equivalent growth percentage without the potential moderating effects of a company's stage of growth. The logarithm of the dependent variable, full-time-equivalent growth percentage, was used to normalize the data. When more than half a panel of advisors had knowledge or experience in an area, the organization was coded as having high knowledge or experience in that area, and otherwise as low. The independent variables and indicator variables were the same as in the preceding model (see Table 9).

This regression indicated an R-squared of 0.9005 with the seven variables in this model explaining approximately 90% of the change in full-time-equivalent growth percentage.

Business with high financial knowledge on the panel of advisors have 0.8% higher full-time-equivalent growth rate. This positive relationship of high financial knowledge to full-time-equivalent growth percentage is significant ($p < .01$.) Businesses whose advisors have a high level of managerial experience have 0.4% higher FTE growth rate.

Regardless of a company's stage of growth, the identified panel of advisors' knowledge and experience is correlated with growth.

Knowledge and Experience Two Stage

A linear regression model was created to determine whether the advisors' industry knowledge percentage, financial knowledge percentage, managerial experience percentage, or entrepreneurial experience percentage is associated with a company's revenue growth percentage. The dependent variable for this regression model was revenue growth percentage. The independent variables included advisors' industry knowledge percentage, financial knowledge percentage, managerial experience percentage, entrepreneurial experience percentage, and indicator variables for stage of growth. The knowledge percentage variables also interacted with the stage indicators to measure the additional benefit of knowledge in stages I and II over stage III (see Table 10).

This regression indicated an R-squared of 0.5992 and the variables in the model explain approximately 60% of the change in revenue growth percentage. Thus, a 1-

percentage point increase in entrepreneurial experience in stage I results in a 3.6-percentage-point loss in revenue growth relative to a stage III company without the advisors' entrepreneurial experience. Furthermore, a 1-percentage-point increase in the advisors' entrepreneurial experience in stage II results in a 2.9-percentage-point loss in revenue growth relative to a stage III company without entrepreneurial experience. This negative relationship is significant ($p < .10$) in both stage I and II.

Table 10. Knowledge and Experience Two Stage

OLS Regression Analysis		
Knowledge and Experience by Stage of Growth		
	Revenue Growth %	FTE Growth %
Percentage Industry Knowledge Stage 1	2.7223	0.3181
Percentage Industry Knowledge Stage 2	3.2765	0.1649
Percentage Industry Knowledge	–3.231	–0.0931
Percentage Financial Knowledge Stage 1	3.0651	0.0215
Percentage Financial Knowledge Stage 2	1.6687	0.0787
Percentage Financial Knowledge	–1.9661	–0.0203
Percentage Managerial Experience stage 1	–1.6561	0.8785
Percentage Managerial Experience stage 2	–1.8093	–0.0461
Percentage Managerial Experience	1.8828	0.1393
Percentage Entrepreneurial Experience Stage 1	–3.6171*	–0.2598
Percentage Entrepreneurial Experience Stage 2	–2.8533*	–0.1004
Percentage Entrepreneurial Experience	2.7617	–0.0945
Stage 1 Early	81.7462	13.0518
Stage 2 Growth	60.7173	6.0407
Constant	–64.1759	-16.0695
Industry Fixed Effects	Yes	Yes
Number of Observations	102	102
R Squared	0.5992	0.4815

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

A linear regression model was created to determine whether the advisors' industry knowledge percentage, financial knowledge percentage, managerial experience percentage, or entrepreneurial experience percentage is associated with a company's full-time-equivalent growth percentage. The dependent variable was full-time-equivalent growth percentage, and the independent variables were the same as in the preceding linear regression (see Table 10).

This regression indicated an R-squared of 0.4815 and the variables in the model explaining approximately 48% of the change in full-time-equivalent growth percentage. None of the independent variables was found to be significant.

High Knowledge and Experience Two Stage

A linear regression model was created to determine whether a panel of advisor's high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience is associated with a company's revenue growth percentage. When the overall percentage of advisors possessed knowledge or experience greater than 50%, the organization's panel of advisors was coded as high in the given knowledge or experience, otherwise as low. The independent variables consisted of advisors' high industry knowledge, high financial knowledge, high managerial experience, high entrepreneurial experience, and indicator variables for the stage of growth. The knowledge and experience indicators interacted with the stage indicators to measure the additional benefit of knowledge in stages I and II over stage III (see Table 11.)

This regression indicted an R-squared of 0.6034 and the variables in this model explaining approximately 60% of the change in revenue growth percentage. Having a panel of advisors with high managerial experience in stage I is associated with a 143.26-

percentage-point higher revenue growth rate than is experienced by businesses in stage III with low knowledge and experience in all four areas. This positive relationship is significant ($p < .10$) in stage I of growth.

Having a panel of advisors with high entrepreneurial experience in stage I is associated with a 237.40-percentage-point lower revenue growth rate than is experienced by businesses in stage III with low knowledge and experience in all four areas. This negative relationship is significant ($p < .05$) in stage I.

When a panel of advisors does not have high knowledge or experience in any of the four areas in stage I, there is a 130.25-percentage-point higher revenue growth rate than for businesses in stage III with low knowledge and experience in all four areas. This estimate is significant ($p < .10$) in stage I.

A linear regression model was created to determine whether a panel of advisor high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience is associated with a company's full-time-equivalent growth percentage. When more than half a panel of advisors had knowledge or experience in an area, the organization was coded as having high knowledge or experience in that area, and otherwise as low. The independent variables were the same as in the preceding linear regression (see Table 11).

This regression indicted an R-squared of 0.5574. and the variables in this model explaining approximately 56% of the change in full-time-equivalent growth percentage. Having a panel of advisors with high managerial experience in stage I is associated with a 82.74-percentage-point higher full-time-equivalent growth rate than are businesses in

stage III with low knowledge and experience in all four areas. This positive relationship is significant ($p < .01$) in stage I of growth.

Table 11. High Knowledge and Experience Two Stage

OLS Regression Analysis		
High Knowledge and Experience by Stage of Growth		
	Revenue Growth %	FTE Growth %
High Industry Knowledge X Stage 1	–38.3391	–9.0419
High Industry Knowledge X Stage 2	11.5463	–10.9813
High Industry Knowledge	–0.3662	0.0942
High Financial Knowledge X Stage 1	99.7362	16.2979
High Financial Knowledge X Stage 2	51.2137	5.0541
High Financial Knowledge	–53.8602	–6.0509
High Managerial Experience X Stage 1	143.2646*	82.7370***
High Managerial Experience X Stage 2	21.2492	24.5885
High Managerial Experience	–15.6401	–10.3443
High Entrepreneurial Experience X Stage 1	–237.4018**	–30.0597*
High Entrepreneurial Experience X Stage 2	–72.5047	–1.7239
High Entrepreneurial Experience	82.0382	4.7708
Stage 1 Early	130.2496*	36.6365**
Stage 2 Growth	35.6571	–1.601
Constant	–11.4339	–6.6121
Industry Fixed Effects	Yes	Yes
Number of Observations	102	102
R Squared	0.6034	0.5574

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

Having a panel of advisors with high entrepreneurial experience in stage I is associated with a 30.06-percentage-point lower full-time-equivalent growth rate than are businesses in stage III with low knowledge and experience in all four areas. This negative relationship is significant ($p < .10$) in stage I of growth.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage I, there is a 36.64-percentage-point higher full-time-equivalent growth rate than in businesses in stage III with low knowledge and experience in all four areas.

Log High Knowledge and Experience Two Stage

A linear regression model was created to determine whether a panel of advisor's high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience is associated with a company's revenue growth percentage. The logarithm of the dependent variable revenue growth percentage was used to normalize the data. When more than half the advisors had knowledge or experience in an area, the panel of advisors was coded as high in that area or otherwise as low. The independent variables were the same as in the preceding model (see Table 12).

This regression indicated an R-squared of 0.3486 and the variables in this model explaining approximately 35% of the change in revenue growth percentage.

Having a panel of advisors with high entrepreneurial experience in stage I is associated with a 1.6327% reduction in revenue growth rate relative to organizations in stage III with low knowledge and experience in all four areas. This negative relationship is significant ($p < .01$) in stage I of growth.

Having a panel of advisors with high entrepreneurial experience in stage II is associated with a 0.8470% reduction in revenue growth rate relative to organizations in stage III with low knowledge and experience in all four areas. This negative relationship is significant ($p < .10$) in stage II of growth.

Businesses in stage III of growth with panels of advisors that possess high entrepreneurial knowledge have a revenue growth rate 0.92% higher than businesses in stage III with advisors without high experience in any of the four areas. This relationship is significant ($p < .05$) in stage III of growth.

Table 12. Log High Knowledge and Experience Two Stage

OLS Regression Analysis		
LOG High Knowledge and Experience by Stage of Growth		
	Log (Revenue Growth %)	Log (FTE Growth %)
High Industry Knowledge X Stage 1	–0.0769	–0.0719
High Industry Knowledge X Stage 2	–0.1089	–0.3761
High Industry Knowledge	–0.0022	–0.0001
High Financial Knowledge X Stage 1	0.276	0.4706
High Financial Knowledge X Stage 2	0.1134	0.2332
High Financial Knowledge	–0.2414	–0.2791
High Managerial Experience X Stage 1	0.3217	0.7647***
High Managerial Experience X Stage 2	0.2969	0.2652
High Managerial Experience	–0.1464	–0.185
High Entrepreneurial Experience X Stage 1	–1.6237***	–0.5377
High Entrepreneurial Experience X Stage 2	–0.8470*	–0.2201
High Entrepreneurial Experience	0.9205**	0.3145
Stage 1 Early	1.4239**	0.7023**
Stage 2 Growth	0.8199	0.1433
Constant	2.5000***	2.2708***
Industry Fixed Effects	Yes	Yes
Number of Observations	102	102
R Squared	0.3486	0.4812

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage I, the company has a revenue growth rate 1.4239% higher than businesses in stage III with low knowledge and experience in all four areas. This positive

relationship of low knowledge and experience to revenue growth percentage in stage I is significant ($p < .05$.) in stage I of growth.

A linear regression model was created to determine whether a high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience among the panel of advisors is associated with a company's full-time-equivalent growth percentage. The logarithm of the dependent variable full-time-equivalent growth percentage was used to normalize the data. When more than half the advisors had knowledge or experience in a given area, the panel was coded as high in that area, or otherwise as low. The independent variables were the same as in the preceding linear regression (see Table 12).

This regression indicated an R-squared of 0.4812 and the variables in the model explaining approximately 48% of the change in full-time-equivalent growth percentage. Having a panel of advisors with high managerial experience in stage I is associated with a 0.7647% gain in full-time-equivalent growth rate over organizations in stage III with low knowledge and experience in all four areas. This positive relationship was significant ($p < .01$) for stage I of growth.

High Knowledge and Experience by All Stages of Growth

A linear regression model was created to determine whether a high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience possessed by the panel of advisors is associated with a company's revenue growth percentage when all three stages are compared against each other versus the previous model that compared stages I and II over stage III. The logarithm of the dependent variable, revenue growth percentage, was used to normalize the data. When

the overall percentage of advisors possessed knowledge or experience greater than 50%, the organization's panel of advisors was coded as high in the given knowledge or experience, or otherwise as low.

This regression indicated an R-squared of 0.9693 and the variables in this model explaining approximately 97% of the change in revenue growth percentage.

The independent variables are advisors' high industry knowledge, high financial knowledge, high managerial experience, high entrepreneurial experience, and indicator variables for the stage of growth. In this linear regression, indicator variables were used for industry fixed effects. An indicator variable for USA was also included, and two indicator variables for industry were included. One industry indicator for Professional Scientific & Technical Services and the other for Information. The knowledge and experience indicators were interacted with the three stages of growth indicators to measure the additional benefit of knowledge and experience against each other. (see Table 13).

Having a panel of advisors with high industry knowledge in stage III has a positive association with revenue growth. Businesses with advisors who possess high industry knowledge on the board during stage III of growth have 0.7% higher growth rate. This positive relationship was significant ($p < .05$) in stage III of growth.

Having a panel of advisors with high managerial experience in stage III of growth has a negative association with revenue growth. Businesses with high managerial experience on the panel of advisors during stage III, have 0.5% lower growth rate. This negative relationship was significant ($p < .01$) in stage III of growth.

Table 13. High Knowledge and Experience All Stages of Growth

OLS Regression Analysis		
High Knowledge and Experience by All Stages of Growth		
	Log (Revenue Growth %)	Log (FTE Growth %)
High Industry Knowledge X Stage 1	-0.1827	-0.2029
High Industry Knowledge X Stage 2	-0.2252	-0.4165
High Industry Knowledge X Stage 3	0.6727**	0.4008
High Financial Knowledge X Stage 1	0.1214	0.1606
High Financial Knowledge X Stage 2	-0.0869	-0.0169
High Financial Knowledge X Stage 3	-0.0471	-0.3881*
High Managerial Experience X Stage 1	0.5004	0.5671**
High Managerial Experience X Stage 2	0.0311	-0.0116
High Managerial Experience X Stage 3	-0.5072***	-0.6977**
High Entrepreneurial Experience X Stage 1	-1.1636**	-0.1797
High Entrepreneurial Experience X Stage 2	0.1576	0.1124
High Entrepreneurial Experience X Stage 3	0.7134*	0.4788*
Stage 1 Early	4.2185***	3.9390***
Stage 2 Growth	3.4485***	3.4142***
Stage 3 Maturity	2.5451***	3.1337***
Professional Scientific & Technical Services	0.1992	0.3446**
Information	0.0299	0.2613
USA	0.3489	0.2317
Number of Observations	102	102
R Squared	0.9693	0.9807

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

Having a panel of advisors with high entrepreneurial experience in stage I has a negative association with revenue growth. Businesses with advisors possessing high entrepreneurial experience on the board during stage I, have a 1.2% lower growth rate. This negative relationship was significant ($p < .05$) in stage I of growth.

Having a panel of advisors with high entrepreneurial experience in stage III has a positive association with revenue growth percentage.

Businesses with high entrepreneurial experience on their panels during stage III, have a 0.7% higher growth rate.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage I, the company has a revenue growth rate of 4.2% on average. This positive relationship was significant ($p < .01$) in stage I of growth. When the panel of advisors does not have high knowledge or experience in any of the four areas in stage II, the company has a revenue growth rate of 3.5% on average. This positive relationship was significant ($p < .01$) in stage II of growth. When the panel of advisors does not have high knowledge or experience in any of the four areas in stage III, the company has a revenue growth rate of 2.5% on average. This positive relationship was significant ($p < .01$) in stage III of growth.

A linear regression model was created to determine whether a high percentage of industry knowledge, financial knowledge, managerial experience, or entrepreneurial experience among the panel of advisors is associated with a company's full-time-equivalent growth percentage when all three stages are compared against each other. The logarithm of the dependent variable full-time-equivalent growth percentage was used to normalize the data. When more than half a panel of advisors had knowledge or experience in an area, the organization was coded as having high knowledge or experience in that area, or otherwise as low. The independent variables and indicator variables were the same as in the preceding linear regression (see Table 13).

Having a panel of advisors with high financial knowledge in stage III has a negative association with full-time-equivalent growth percentage. Businesses with high financial knowledge on their panels during stage III, have 0.4% less full-time-equivalent growth rate.

Having a panel of advisors with high managerial experience in stage I has a positive association with full-time-equivalent growth rate. Businesses with high managerial experience on their panels during stage I of growth, have a 0.6% higher full-time-equivalent growth rate. This positive relationship was significant ($p < .05$) in stage I of growth.

Having a panel of advisors with high managerial experience in stage III has a negative association with full-time-equivalent growth rate. Businesses with high managerial experience on their panels during stage III of growth, have a 0.7% lower full-time-equivalent growth rate. This negative relationship was significant ($p < .05$) in stage III of growth.

Having a panel of advisors with high entrepreneurial experience in stage III of growth has a positive correlation with full-time-equivalent growth rate. Businesses with high entrepreneurial experience on the panel of advisors during stage III of growth, have 0.5% higher full-time-equivalent growth rate.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage I of growth, the company has a full-time-equivalent growth rate of 3.9% on average. This positive relationship was significant ($p < .01$) in stage I of growth.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage II of growth, the company has a full-time-equivalent growth rate

3.4%, on average. This positive relationship was significant ($p < .01$) in stage II of growth.

When the panel of advisors does not have high knowledge or experience in any of the four areas in stage III, the company has a full-time-equivalent growth rate 3.1% on average. This positive relationship was significant ($p < .01$) in stage III of growth.

Advisor Compensation Two Stage

A linear regression model was created to determine the association between compensation of advisors and a company's revenue growth percentage. The dependent variable was revenue growth percentage.

The independent variables included advisors' industry knowledge percentage by stage (I & II), financial knowledge percentage by stage (I &II), managerial experience percentage by stage (I & II), and entrepreneurial experience percentage by stage (I & II); see Table 14.

This regression indicated an R-squared of 0.5095 and the variables in the model explaining approximately 51% of the change in revenue growth percentage. In stage I, a panel of advisors who received no compensation improved a company's revenue growth rate by 84.6487 percentage points more than advisors that received no compensation in stage III of growth. This positive relationship was significant ($p < .05$) in stage I of growth.

A linear regression model was created to determine the association between a company's compensation of its advisors and its full-time-equivalent growth percentage. The dependent variable was full-time-equivalent growth percentage. The independent variables were the same as in the preceding linear regression (see Table 14).

In stage I, a panel of advisors who received no compensation improved a company's full-time-equivalent growth rate by 43.9671 percentage points more than advisors who received no compensation in stage III of growth. This positive relationship was significant ($p < .01$) in stage I of growth.

Table 14. Advisor Compensation Two Stage

OLS Regression Analysis		
Advisor Compensation		
	Revenue Growth %	FTE Growth %
Advisor Compensation Stage 1	66.9	33.7904
Advisor Compensation Stage 2	123.3712	5.955
Advisor Compensation	–102.1864	–5.771
Stage 1 Early	84.6487**	43.9671***
Stage 2 Growth	6.2713	9.5609
Constant	97.1864	–10.8957
Industry Fixed Effects	Yes	Yes
Number of Observations	102	102
R Squared	0.5095	0.4499

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

Advisor Compensation All Stages of Growth

A linear regression model was created to determine the association between compensation of advisors and a company's revenue growth percentage when all three stages are compared against each other versus the previous model that compared stages I and II over stage III of growth. In this linear regression indicator variables were used for industry fixed effects. An indicator variable for USA was included, and two indicator variables for industry were included. One industry indicator for Professional Scientific & Technical Services and the other for Information. (see Table 15).

This regression indicted an R-squared of 0.2128 and the variables in the model explaining approximately 21% of the change in revenue growth percentage. In stage II, a panel of advisors who received no compensation improved a company's revenue growth rate by 22.73 percentage points more than advisors that received compensation. This positive relationship was significant ($p < .01$) in stage II of growth.

Table 15. Advisor Compensation All Stages of Growth

OLS Regression Analysis		
Advisor Compensation All Stages of Growth		
	Revenue Growth %	FTE Growth %
Advisor Compensation Stage 1	-78.7256	24.0422
Advisor Compensation Stage 2	22.7322**	2.8837
Advisor Compensation Stage 3	8.2808	5.8575
Stage 1 Early	116.6607	53.9064***
Stage 2 Growth	3.2556	16.1026
Stage 3 Maturity	-16.074	-1.0203
Professional Scientific & Technical Services	-11.4903	6.472
Industry Information	1.8531	7.1086
USA	19.2327	3.3034
Number of Observations	102	102
R Squared	0.2128	0.5887

*p < .10. **p < .05. ***p < .01.
*90% Confidence Interval. **95% Confidence Interval. ***99% Confidence Interval.
Note: Estimates are beta coefficients.

A linear regression model was created to determine the association between compensation of advisors and a company's full-time-equivalent growth percentage when all three stages are compared against each other. In this linear regression indicator variables were used for industry fixed effects. An indicator variable for USA was included, and two indicator variables for industry were included. One industry indicator

for Professional Scientific & Technical Services and the other for Information (see Table 15).

This regression indicated an R-squared of 0.5887 and the variables in the model explaining approximately 58% of the change in full-time-equivalent growth percentage. In stage I, a panel of advisors who received no compensation improved the full-time-equivalent revenue growth rate by 53.90 percentage points more than advisors that received compensation.

Discussion

A significant component of this research is determining if a business's stage of growth impacts the effect a particular set of knowledge or experience that its panel of advisors possess has on owner managed companies, OMC, performance. Table 9 shows the results of a linear regression model created to determine whether industry knowledge percentage, financial knowledge percentage, managerial experience percentage, or entrepreneurial experience percentage is associated with a company's revenue growth percentage or a company's full-time-equivalent growth percentage without the potential moderating effects of a company's stage of growth.

Without the moderating effects of a company's stage of growth, this linear regression supports the importance of the advisors' high financial knowledge at a significant level on both measures of OMC performance. The linear regression further supports the importance of the advisors' high managerial experience on a company's full-time-equivalent growth percentage rate.

As a stage of growth was introduced as a moderator, in subsequent linear regressions, the evidence supports that stage of growth is having a moderating effect on the impact of particular advisors' knowledge and experience on OMC performance.

Hypothesis 1 is that advisors' industry knowledge is more positively associated with an OMC's performance in stage II than in stage I or III. None of the results collected in this study supported this hypothesis significantly for either measure of OMC performance.

Table 16.
Hypothesis Findings

Hypothesis	Supported	Notes
An advisor's industry knowledge is more positively associated with an OMC's performance in stage II than in stage I or III.	N	Study found evidence to support the positive impact of high industry knowledge of advisors in stage III on revenue growth percentage
An advisor's financial knowledge is more positively associated with an OMC's performance in stage II than in stage I or III.	N	Study did find evidence to support the positive impact of advisors' high financial knowledge in stage III on FTE Growth percentage
An advisor's managerial experience is more positively associated with an OMC's performance in stage II than in stage I or stage III.	N	Study did find evidence to support the positive impact of advisors' high managerial experience in stage I on both measures of OMC performance
An advisor's entrepreneurial experience is more positively associated with an OMC's performance in stage I than in stage II or stage III.	N	Study did find evidence to support a negative relationship to both measures of OMC performance in stage I of growth

The importance of industry knowledge is cited frequently in the literature (Forbes & Milliken, 1999; Hillman et al., 2000; Payne et al., 2009; Johnson et al., 2013; Dass et

al., 2014; Veltrop et al., 2017; Drobetz et al., 2018; Faleye et al., 2018). The majority of this literature is on boards of large companies and not focused on the needs of owner managed companies, OMCs.

To start a business, a founder has expertise in the industry and sees a business opportunity. Without this deep understanding of the industry, they would never have the confidence in themselves to start the business. In a large corporation, the CEO is typically quite distant from the daily operations, whereas the owner-manager of a small organization is entrenched in its day-to-day workings.

It is conjectured it would be difficult for an OMC's advisor to make a meaningful impact on company performance through their industry knowledge. When the owner-manager is entrenched in the business's day-to-day workings, given their deep understanding of the industry, it would make it difficult for the advisor to make an impact on OMC performance based on industry knowledge.

The study did find evidence to support the positive impact of high industry knowledge of advisors in stage III of growth (see Table 13) on revenue growth percentage when all three stages are compared against each other. Stage III is when the owner-manager company comes closest to resembling its large company counterpart and the owner-manager is less active in the day-to-day workings of the business, enabling an advisor's industry knowledge to be impactful.

Hypothesis 2 is that advisors' financial knowledge is more positively associated with an OMC's performance in stage II than in stage I or III. None of the data supported this hypothesis significantly, for either measure of OMC performance.

Panel of advisors with financial and accounting skills can provide knowledge and insights regarding current and future financial needs (Roy, 2008; Payne, Benson & Finegold, 2009; Minton et al., 2014).

Approximately 25% of the companies in this study were in stage I and 60% in stage II, and approximately 80% had fewer than 100 FTEs (see Tables 5 and 7). In early stages of growth, companies typically have limited financial resources, and their primary goal is survival, which minimizes the impact financial knowledge can have on performance. These companies are growing and may have lines of credit with a bank, but in comparison to a large public corporation that is growing, OMCs have limited financial options. A large corporation might be acquiring other companies as part of a growth strategy; acquiring companies is not a viable option for many OMCs. It is conjectured the typical financial needs of OMCs are simple, reducing the impact financial knowledge of an advisor could have on OMCs performance.

The study did find evidence to support the positive impact of advisors' high financial knowledge in stage III (see Table 13) when all three stages of growth are compared against each. Stage III is when the owner-manager company comes closest to resembling its large company counterpart and the primary strategy is return on investment (Churchill & Lewis, 1983).

Hypothesis 3 is that advisors' managerial experience is more positively associated with an OMC's performance in stage II than in stage I or stage III. None of the results supported advisors managerial experience having a positive relationship to either measure of OMC performance in stage II of growth.

The study did find evidence to support the positive impact of advisors' high managerial experience in Stage I (see Table 11) on both measures of OMC performance when comparing stages I and II over stage III of growth. As counterintuitive as this result may seem, it seems reasonable after careful reflection. In the early stage, an owner-manager is a doer. Growing a business requires the owner-manager to delegate tasks. As a business gets more substantial and more complex, it requires systems and processes to support it. Without systems, processes and effective delegation, the company will have difficulty reaching stage II. It is conjectured that a business will never get to stage II, if the owner-manager does not learn to delegate in stage I and install needed processes and systems in place in stage I that will enable the business to grow to stage II. An advisor with managerial experience would understand the importance of adding personnel to facilitate growth and could provide practical advice on a wide range of obstacles to growth. The positive relationships to both measures of OMC performance in stage I are a natural by-product of advice and counsel of advisors with managerial experience. This study provides evidence to support the importance of having managerial experience on the panel of advisors in the earliest stages of a company as possible.

The study did find evidence to support the negative impact of advisor high managerial experience in stage III of growth (see Table 13) on both measures of OMC performance when all three stages are compared against each other. This result is surprising and needs to be further investigated in a future study but suggests that it is more important to have other knowledge areas on the panel in stage III of growth. Perhaps just a few panel advisors with managerial experience is sufficient and a panel

comprised of more than 50% with managerial experience may be lacking too much in other knowledge areas

Hypothesis 4 is that the advisors' entrepreneurial experience is more positively associated with an OMC's performance in stage I than in stage II or III. The study did provide evidence of an association of advisors' high entrepreneurial experience to OMC performance in stage I (see Table 11) when comparing stages I and II over stage III of growth. This same relationship of advisors' high entrepreneurial experience to revenue growth was further supported by the results shown in Table 13. What was surprising was that entrepreneurial experience had a negative relationship to both measures of OMC performance in stage I of growth.

Most new ventures are opportunity rich and resource poor. Seasoned entrepreneurs who have operated in this environment understand the importance of being parsimonious. It is conjectured that this would make them naturally slow to hire and hence it would explain the negative relationship to full-time-equivalent growth percentage.

Seasoned entrepreneurs understand the importance of getting the business model correct, and focusing on the quality of the business, not revenue growth for the sake of growth. Figuring out a business model takes time and would naturally slow down a business's revenue growth. It is conjectured that this might explain the negative relationship of advisor entrepreneurial experience to revenue growth percentage. A future study should explore the negative relationship of entrepreneurial experience to OMCs performance in stage I of growth.

A question of the study was whether advisors received any form of compensation to determine if there was a relationship to OMC performance. This study did provide evidence to support (see Table 14) when the advisor received no compensation in stage I there was a positive relationship to both measures of OMCs performance. In the early stage, a company's goal is survival, and it typically lacks resources. The most critical resource a small company needs is cash. Compensating advisors at this stage is taking needed resources away from a company thereby weakening it. Advisors accepting compensation at this stage are more subjective. It is conjectured that advisors not getting compensated are not draining needed resources away from the company are acting in the best interest of the business resulting in a positive relationship to both measures of OMCs performance.

A practical implication of this study is that a company's stage of growth matters. As companies move in and out of the different stages of growth, this study provides evidence to support the importance of aligning a panel of advisors to a company's current stage of growth to optimize it ability to positively impact a company's performance.

CHAPTER 4

QUALITATIVE STUDY

Background

The quantitative study (see Chapter 3) theorized that an advisor equipped with the right knowledge and experience would be able to adapt to the unique resources, constraints, and problems that a company faces at each stage of growth in order to improve its performance and increase its chances of survival. The literature supports that a well-composed board can provide the knowledge, experience, and resources necessary to improve a company's chances of survival (Pearce & Zahra, 1992; Hillman & Dalziel, 2003; Van Gils, 2005; Blumentritt, 2006; Van Den Heuvel et al., 2006; Payne et al., 2009; Lappalainen & Niskanen, 2012). As a practicing owner-manager with over 28 years of experience, I can cite numerous occasions when advisors helped my company overcome obstacles that could have resulted in the inability of the business to continue.

Two research questions were addressed in the quantitative study. First, what is the impact of advisors' industry or financial knowledge on owner-managed companies' performances? And second, what is the impact of advisors' entrepreneurial or managerial experience on owner-managed companies' performances? The study then examined specific knowledge and experience of a panel of advisors through the lens of the stages of business growth to identify the impact on OMC performance.

Table 17 summarizes the impact the different types of knowledge and experience explored in the quantitative study had on OMC performance. Table 9 shows the results of a linear regression without the potential moderating effects of the company's stage of

growth. Additional linear regressions (see Tables 10–13) were created with the stage of growth included in the model. In each subsequent linear regression, it was clear that the stage of growth had a moderating effect.

Table 17.

Impact of Knowledge and Experience on OMC Performance.

Knowledge or Experience	Impact on OMC Performance
Industry knowledge	Positive relationship in stage III to revenue growth percentage
Financial knowledge	Positive relationship in stage III to FTE growth percentage
Managerial experience	Positive relationship in stage I to revenue growth percentage Positive relationship in stage I to FTE growth percentage Negative relationship in stage III to revenue growth percentage Negative relationship in stage III to FTE growth percentage
Entrepreneurial experience	Negative relationship in stage I to revenue growth percentage Negative relationship in stage I to FTE growth percentage Negative relationship in stage II to revenue growth percentage Positive relationship in stage III to revenue growth percentage Positive relationship in stage III to FTE growth percentage

One essential finding of the quantitative study was evidence that the stage of growth (see Figure 1) had a moderating effect on the impact of particular advisors' knowledge and experience on OMC performance.

Even though the informed hypotheses in the quantitative study, were the result of a review of the existing academic literature, filtered through the lens of a practicing owner-manager with over twenty-eight years of experience, several findings of the study were surprising—though they also provided guidance on the knowledge and experience a panel of advisors should possess at each stage of growth.

Framing the Investigation

Building upon the information gathered from the quantitative study this qualitative study was undertaken. This qualitative study explored key findings from the first study that are both surprising and potentially most impactful for owner-managers assembling a panel of advisors capable of positively impacting OMC performance thereby improving a company's chance of survival.

The negative relationship of advisors' entrepreneurial experience to both measures of OMC performance in stage I of growth will be further explored in this qualitative study. In the quantitative study, it was proposed that the negative relationship of advisors' entrepreneurial experience to revenue growth percentage may be caused by a seasoned entrepreneur providing advice and counsel to the owner-manager stressing the importance of getting the business model correct over revenue attainment for the negative relationship to revenue growth. It was also conjectured that the negative relationship to

full-time-equivalent growth percentage might be caused by the entrepreneurs who understand the importance of being parsimonious in the early stage of growth, providing advice and counsel to the owner-manager to be slow to hire. While the latter explanation, is based upon the many years of experience of an owner-manager, seems right, the negative impact on revenue growth even with a possible reason to explain it, needs to be studied further. An experienced entrepreneur has first-hand knowledge of what it takes to navigate a company in the early stages and understand the importance of revenue attainment even with a focus on the business model. A qualitative study will provide a deeper understanding of the relationship between advisor's entrepreneurial experience and OMC performance, providing further evidence to support this study's finding, or contradict this study's finding.

The positive relationship of advisors' managerial experience to both measures of OMC performance in stage I of growth will be further explored in this qualitative study. The current survival rate of OMCs suggests that 60% will fail within the first six years. The literature also suggests a well-composed board can provide the knowledge, experience, and resources necessary to improve a company's chances of survival. The quantitative study supports the importance of advisors' managerial experience in stage I of growth and its positive impact on all OMC performance measures. Managerial experience on a panel of advisors could be a key ingredient to improving OMC survival rates. A qualitative study should provide a deeper understanding of the relationship between advisors' managerial experience and OMC performance, providing further evidence to support this study's finding, or contradict this study's finding.

The quantitative study showed little relationship between the advisors' industry knowledge and OMC performance. This lack of a relationship will be explored further in the qualitative study. The current findings of the quantitative study run counter to the existing literature, where industry knowledge is one of the most sought-after qualifications in large companies' board members. The qualitative study results could provide further evidence to show the unique needs of owner-manager companies have not been studied sufficiently and are different from their needs of large, publicly listed companies where the majority of the literature is focused. The qualitative study should provide a deeper understanding of the importance—or lack thereof--of industry knowledge to OMCs.

The methods used in the quantitative study enabled the researcher to test each hypothesis and provided evidence of the relationships between different kinds of knowledge and experience in panels of advisors and OMC performance at the various stages of growth. But due to the methodology's limitations, we do not have the how or why, leaving us with many unanswered questions. While the conjectures could explain the results, there is no evidence from the quantitative study to support the proposed explanations.

What sorts of counsel did advisors with managerial experience offer the owner-managers, and how did that translate into actions that improved OMC performance? Did the owner-managers' deep understanding of their industry alter the advisor's ability to affect the OMC's performance? Was the advice being given, many times already known by the owner-manager? Did entrepreneurs on the panel of advisors recommend focusing on the business model over revenue attainment? Did the owner-manager receiving the

advice then concentrate on the business model more and less on revenue attainment? Did advisors with entrepreneurial experience tend to be parsimonious, and was this reflected in their advice? Did the owner-manager receiving their advice cause them to hold off hiring? Or be slow to invest in needed infrastructure? Did advisors with managerial experience advise the business owner to invest in process, people, and systems in the early stage? What did the business owner do who received this advice to act on it?

Through a series of interviews with owner-managers and advisors, we hope to ascertain certain qualities about both the advice given and the impact felt. Qualities like timing, context, strategic usefulness, perceived trustworthiness, and the resulting action taken or not taken will be explored to understand how knowledge and experience in advisory panels affect OMC performance. Qualitative research methods help researchers understand people and their words and actions, and the contexts of decisions and actions. Human decisions and actions can often be understood only in context. One feature of qualitative data is its richness and holism and potential for revealing complexity. (Myers, 2013; Miles, Huberman, & Saldaña, 2020).

Methodology

Thirty-two semi-structured interviews with owner-managers and advisors were conducted for this study. Both the interviews and the coding analysis were done using sequential analysis, an intentional iteration of data collection and reanalysis to ensure more robust findings and to build on the first cycle of findings. Each data collection wave leads to progressively more clustering and analysis (Miles et al., 2020).

Interviews were conducted until data saturation with the study themes was confirmed. Mason (2010) studied sample size and saturation and concluded that

saturation should be the guiding principle for qualitative data collection. Saturation is achieved when fresh data no longer reveal new insights (Mason, 2010; Myers, 2013; Glaser & Strauss, 2017; Miles, Huberman, & Saldaña, 2020). Glaser and Strauss (2017) argued that saturation can never be attained by studying one incident in one group. Samples in qualitative studies tend to be much smaller than in quantitative studies. Qualitative research is often labor-intensive, making it impractical to process and analyze large data sets.

The themes (see Table 18) and their mappings to the level 2 coding scheme (see Table 20) used to analyze the data are discussed in more detail later. Assigning codes and themes to a set of interview scripts is an established approach to qualitative analysis (Myers, 2013; Saldaña, 2016; Creswell & Creswell, 2018; Miles et al., 2020). Reaching a point at which no additional core codes or themes were being created to identify data was the key indicator that saturation had been achieved. Codes and themes are not all equally relevant, so the depth of inquiry into each should not be the same (Glaser & Strauss, 2017). The core codes and themes in this study provided insights into the knowledge and experience that influence OMC performance.

A foundation of this study is the owner-manager's interaction with advisors and how that translates into actions that affect OMC performance. Interviews allow researchers to explore complex issues with human interaction at their core (Culpepper & Gilbert, 1999). A number of the interview questions were preformulated, but strict adherence to them was not required. The questions were open-ended to encourage participants to share their views freely, and were given in no particular order. Some analysis and interpretation naturally occur during the interviews themselves (Miles et al.,

2020). This interview structure was flexible enough to allow for new topics, themes, and insights to emerge and be followed up on during the session (Myers, 2013; Creswell & Creswell, 2018).

Convenience sampling and snowball sampling were used to recruit and enroll participants for this study. The extensive network of an owner-manager with more than twenty-eight years of experience was leveraged for the convenience sampling. This allowed the strategic and purposive selection of candidates who could provide insight into the knowledge and skills that affect OMC performance (Miles et al., 2020).

Convenience sampling was used to identify a company from which both the owner-manager and one or more advisors were interviewed. This combination of perspectives from a single company was investigated to see whether it revealed insights not available from a single point of view.

Because of convenience sampling's potential for introducing unintended researcher bias into a study, however, snowball sampling was used as an additional protective measure. In snowball sampling, the researcher begins with a small population and expands it by asking the participants to identify others who should take part in the study. In this case, participants were asked to refer others at the close of each interview. Once a potential participant was identified, he or she was sent a recruitment letter.

Figure 3 shows a sample of the recruitment letter that was used in the study. This letter serves several purposes. It immediately identifies the researcher and the educational organization, which is essential to clarifying that the study is not a typical business survey. The also letter educates the prospects on the reasons for the study. It stresses that the study is designed to help companies be more competitive and improve success rates.

It also informs the prospects of how the researcher got their names. And because owner-managers can be very busy, the letter clarifies that the interview process will take only thirty minutes; for business elites such as CEOs, shorter interviews are common (Harvey, 2011).

The letter states that the interview will use a Zoom-like technology and will be scheduled at a time convenient for the participant. Because of the ongoing covid-19 pandemic, it was important to be clear that the meeting would pose no health risks. Furthermore, the letter informs prospects that if they participate, their companies and identities will be kept confidential. It is essential to assure candidates that any information they provide will be treated anonymously and confidentially (Harvey, 2011).

The recruitment letter was designed to screen out people who do not meet the requirements for participation. Each interview participant must be an owner-manager, an informal advisor, or a member of a company's panel of advisors.

Subject: Doctoral Research

I am a doctoral student at Temple University Fox School of Business who is doing research designed to help companies be more competitive and improve their overall success rates. Your name was provided to me as a business owner or advisor who might be willing to participate in a short interview. The interview will take no more than 30 minutes and will use a Zoom-like technology scheduled at a time that is convenient for you. Your name and company will be kept confidential, and a summary of the study's significant findings will be shared with you.

To participate in this study, you must meet the following requirements:

- You must be an owner-manager, an informal advisor, or a member of a company's panel of advisors. An owner-manager is someone who owns a portion of the company and is active in its day-to-day operations. An informal advisor is someone with whom a business owner periodically consults for advice on any number of business issues, including sales, financing, marketing, and other topics.
- The company must have between 4 and 1,000 full-time equivalents (FTEs). An FTE is different from a full-time employee. A company with two 20-hour contractors and four 40-hour employees would have five FTEs.
- The company must be a for-profit company. It does not matter whether or not the company is currently profitable, only that its long-term goal is to make a profit. A not-for-profit uses profits it may receive for charitable or other purposes. Not-for-profits are specifically excluded from this research.

Your participation in this study is important and should help companies be more competitive and improve their overall success rates. I appreciate your consideration of being interviewed for my study, and I will be respectful of your time.

If you meet the study's conditions and are willing to participate, please respond to this email or feel free to call me on my cell to schedule a time to be interviewed.

Michael Corey
Email: Michael.corey@temple.edu
Cell: 617-304-4954

Figure 3. Recruitment Letter/Email

One fact uncovered in the quantitative study was that owner-managers do not share a common language, as they would in a traditional profession; for example, accountants all understand balance sheets and income statements. By contrast, owner-managers, who come from all walks of life, levels of education, and types of experience, do not all use the same professional vocabulary. The letter thus defines some key terms to eliminate confusion: An owner-manager is someone who owns a portion of a company

and is active in its day-to-day operations. An informal advisor is someone whom a business owner periodically consults for advice on business issues, such as sales, financing, or marketing.

The company must also have between four and 1,000 full-time equivalents (FTEs). An FTE is different from a full-time employee. A company with two 20-hour contractors and four 40-hour employees would have five FTEs. And the company should be a for-profit company. It doesn't matter whether it is currently profitable, only that its long-term goal is to make a profit. A not-for-profit uses its revenues for charitable or other purposes. Not-for-profits were specifically excluded from this research.

To participate in this study, prospects must meet all the above criteria. At the start of each interview, the participant was informed that participation was voluntary and that he or she could stop the interview at any time. It was disclosed that the interview would be recorded.

A consent agreement (see Figure 4) was read to each interview participant. The consent agreement immediately identifies the researcher and the educational organization with which the study is affiliated. It reiterates the time commitment required for the interview, clarifies that participation is voluntary and that the participant may stop the interview at any time, and assures the participant that any information he or she shares will be treated anonymously and confidentially. The agreement also explains some of the ways anonymity and confidentiality will be maintained.

I am Michael Corey; I am a doctoral student from Temple University Fox School of Business who is working on my doctoral thesis. I am conducting a research study on the impact of advisor knowledge and experience on owner-managed companies' performance.

Today, you will be participating in an interview, which should take approximately 30 minutes. Your participation is voluntary. If you do not wish to participate, you may stop at any time. Your name and company will be kept confidential and will not appear anywhere in the final write-up.

A digital copy of this session is being recorded. To ensure your confidentiality, your identity will be assigned a unique number, which will be used on the transcription that is created from this interview.

Once the session has been transcribed, your name will be removed from the transcription to further protect your identity. To ensure confidentiality, your identity will be assigned a unique number, which will be used moving forward. The digital copy of the interview that we are making today will be destroyed. There is a small risk of loss of confidentiality.

There are minimal risks associated with this interview. There will be no direct benefit to you, but my hope is that there will be a general benefit to future entrepreneurs who can use the findings to be more successful. Taking part in this interview is your agreement to participate and allow the session to be recorded.

This research is being overseen by Temple University Institutional Review Board ("IRB"). An IRB is a group of people who perform independent review of research studies. You may talk to them at (215) 707-3390 or irb@temple.edu if:

- You have questions, concerns, or complaints that are not being answered by the researcher
- You are not getting answers from the researcher
- You cannot reach the researcher
- You want to talk to someone else about the research.
- You have questions about your rights as a research subject.

You may decide to withdraw your permission to participate in this study at any time. Just send an email to Michael.corey@temple.edu or call 617-304-4954. The transcript of this interview will be removed from the study.

Figure 4. Consent Agreement

It then discloses the risks and benefits of participation in the study and clarifies that continuing with the interview will constitute an agreement to participate in the study and to give permission for the session to be recorded. Owner-managers are typically busy

people, so obtaining written consent for the study was deemed unfeasible.

All interviewees were either owner-managers or advisors. An owner-manager of one company might also be an advisor to other companies. Appendix B lists the questions asked of owner-managers, including those who advise other companies. Appendix C lists the probes that were used during interviews with owner-managers. Appendix D lists the questions asked of advisors to owner-managed companies. Appendix E lists the probes used in interviews with advisors.

The initial questions in each case were designed to open the door to other topics. The use of open-ended questions did uncover new topics and themes. The probes were used when topics of industry knowledge, managerial experience, or entrepreneurial experience were mentioned by the interviewee and were designed to motivate the interviewee to elaborate, as these were the areas identified by the quantitative study as both the most surprising and potentially most important for owner-managers assembling a panel of advisors to improve OMC performance. The more detailed explanations that the probes encouraged led to deeper insights into how knowledge and experience influence OMC performance.

Table 18 lists the key themes this study explored and describes them. Table 19 maps the interview questions to the themes. The questions were designed to be open-ended, which adds a further layer of protection against researcher bias.

Although the focus of this study is on learning about industry knowledge, managerial experience, and entrepreneurial experience, no interview question specifically led the interviewee to those topics. This enabled the interview process to uncover new topics and themes with the potential for providing a deeper understanding of how

advisors affect OMC performance.

Table 18.

Themes

Theme	Description
Challenge	A problem, challenge, competitor, or opportunity the business faces
Experience	Experience possessed by and advisor and/or owner-manager
Infrastructure	The business's infrastructure (systems, team, processes, business model)
Influence	A negative of positive influence
Knowledge	Knowledge possessed by advisor and/or owner-manager
Meetings	Information on meetings. Type of meeting (formal/informal), cadence, purpose, trust level, to openness to receive advice
Resources	Resource connection to the owner-manager (academic, business or social). Resources used by the owner-manager.
Stage	The stage of growth (early, growth, maturity)

After each interview, the digital recording was transcribed using Temi (2020), an advanced speech-recognition program. The transcription was then scrubbed of identifiable information and cleaned of transcription errors, and then loaded into NVivo. After the loading was confirmed, the original recording of the interview not needed and was deleted to protect participants' confidentiality.

NVivo 12.6.0 is a qualitative data analysis software package produced by QSR International (2020). It was used to organize, store, and analyze the data. The program and the content were stored on an encrypted, password-protected disk. Programs like this are an efficient means of storing, locating, and analyzing qualitative data (Creswell & Creswell, 2018).

Table 19.

Interview Questions and Themes

Interview Questions	**Themes**
Can you please describe what the business does?	Industry
Approximately how long has the business been in operation?	Stage
As a business owner, when you need advice, who do you go to most often? Please tell me about your background	Knowledge Experience
Was there something in their background that made you choose them? Why do you think the business owner reached out to you for advice?	Knowledge Experience Meetings
What kind of advice where you looking for? What sort of advice did the owner seek from you?	Challenge Meetings Stage
What was the most helpful advice you ever received? Why was it the most helpful? What is the most important or useful advice you ever offered to the owner? Why was it the most important or useful?	Challenge Stage Influence Meetings
What was the worst piece of advice you ever received? Why was it the worst? What was the worst piece of advice you ever offered? Why was it the worst?	Challenge Stage Influence Meetings
Beyond providing advice or council, were there any other ways this person helped you and your business be more successful? Beyond providing advice, were there any other ways that you were able to offer assistance to the business?	Resources Meetings

To further protect the confidentiality of the participants and prospects of the study, all identifiable information, such as names, email addresses, and phone numbers, was stored in a password-protected spreadsheet kept on an encrypted disk. When a person agreed to participate in the study, he or she was assigned a unique number for anonymity. This number was used to identify the participant's audio recording and other information, and in the transcript, the participant's name was replaced with the number.

The spreadsheet, audio files, and other information in digital form were stored on an encrypted disk. No paper records were created for this study; all notes were created and stored digitally to protect confidentiality. Access to the computer system that contains the encrypted disk requires a separate username and a password that includes uppercase and lowercase characters and at least one special character. The encryption software used is FileVault, which performs on-the-fly 128-bit AES encryption with a 256-bit key.

Table 20 shows the codes and themes used to analyze the interviews in of NVivo. This coding approach closely follows that used by Miles and Huberman, in which a prior or “start” list of codes is created before the fieldwork begins.

The list of codes and themes was created using the literature review, conceptual framework, research questions, hypotheses, problem areas, key variables, and the knowledge of an owner-manager with more than twenty-eight years of experience. During the analysis, the codes could be revised, modified, deleted, or expanded to include new ones. This approach is appropriate for a qualitative study that builds on previous research (Miles et al., 2020).

Assigning codes and themes to a set of interview scripts is an established approach to qualitative analysis (Myers, 2013; Creswell & Creswell, 2018; Miles et al., 2020). Table 20 contains a definition for each code. Table 18 contains a list of themes and their corresponding descriptions. As these themes and codes were assigned to the data, the tables and definitions helped prevent any drift in their meaning, minimizing the introduction of researcher bias.

Table 20.
Themes to Level 2 Codes

Level	Theme	Level	Code	Code Definition
1	Challenge	2	Competition	Competition business faces
1	Challenge	2	Opportunity	Opportunity for business
1	Challenge	2	Problem	Problem business faces
1	Experience	2	Entrepreneurial	Entrepreneurial experience
1	Experience	2	Managerial	Managerial experience
1	Experience	2	Sales Marketing	Sales and marketing experience
1	Infrastructure	2	Model	Business model
1	Infrastructure	2	Process	Internal process
1	Infrastructure	2	Sales	Sales engine
1	Infrastructure	2	Systems	Internal systems
1	Infrastructure	2	Team	Management team
1	Influence	2	Negative	Negative influence
1	Influence	2	Positive	Positive influence
1	Knowledge	2	Financial	Financial knowledge
1	Knowledge	2	Industry	Industry knowledge
1	Meetings	2	Advice	Particular advice that was given
1	Meetings	2	Cadence	Regular cadence to the meetings
1	Meetings	2	Formal	Board of directors, set format, set agendas
1	Meetings	2	Informal	Over coffee, dinner, ad-hoc mentoring, informal location
1	Meetings	2	Open	Open to advice, importance of outside opinions
1	Meetings	2	Situational	Situational need for meeting
1	Meetings	2	Trust	Aspect of trust
1	Resource	2	Academic	Academic network
1	Resource	2	Business	Business network
1	Resource	2	Consultant	Paid business consultant
1	Resource	2	Peer Group	Professional peer group (industry/CEO advisory)
1	Resource	2	Social	Social network (family/friends)
1	Stage	2	Commonality	Common issues shared at a stage of growth
1	Stage	2	Early	Early stage
1	Stage	2	Growth	Growth stage
1	Stage	2	Maturity	Maturity stage

The interview transcripts were coded using sequential analysis with multiple passes. Just as the interview questions were open-ended in design to allow the interview to uncover new topics, the coding process was designed for openness to unexpected findings.

Throughout the data analysis, themes codes were created, modified, or deleted, introducing a need for additional passes.

The first pass assigned the themes identified as “Level 1” in Table 20. Themes were assigned in NVivo to units of data, which could be a complete sentence, a single word, or multiple paragraphs (Saldaña, 2016; Miles et al., 2020).

A datum about a problem or task the business faces, a competitor, or a business opportunity was tagged with “Challenge.” Data about an advisor or owner-manager’s experience were tagged with “Experience.” Data that illustrated a distinct positive or negative consequence of a piece of advice were tagged with “Influence.” Data about an advisor or owner-manager’s knowledge was tagged with “Knowledge.” Data about meetings was tagged with “Meetings.” Data about a resource or connection source for a business were tagged with “Resources.” Data that provided on a business’s current stage of growth were tagged with “Stage.” After the first pass through the transcripts, all the major themes in the interviews had been identified and tagged.

The second-level codes provided an additional layer of complex analysis. They were designed to provide a deeper understanding of the data identified in the first-level coding. In this study, the level 1 codes were the themes (Creswell & Creswell, 2018).

When a theme of challenge was identified in the transcript, the second-level code let the researcher know whether it involved a problem, a business opportunity, or some

facet of competition. When a theme of experience was identified, the second-level code identified it as involving entrepreneurial experience, managerial experience, or sales and marketing experience. When a theme of infrastructure was identified, the second-level code identified whether it was associated with business models, internal processes, sales engines, internal systems, or management teams. When a theme of influence was identified, the second-level code identified whether it positively or negatively affected the business. When a theme of knowledge was identified, the second-level code identified whether it involved financial or industry knowledge. When a theme of meetings was identified, the second-level code identified whether particular advice was given, whether the setting was informal or formal, whether the meeting was in response to a current need, whether trust came into play, and the importance of the owner-manager being open to advice. When a theme of resources was identified, the second-level code identified the source (academic, business, social), whether a business consultant was used, and whether the owner-manager leveraged a professional peer group. When a theme of stage was identified, the second-level code identified the stage and whether the issue was a common one for that stage.

All coding was performed by a single researcher, who also conducted the interviews. Saldaña addressed solo coding in The Coding Manual for Qualitative Researches: “Coding in most qualitative studies is a solitary act” (Saldaña, 2016, p. 37). Saldaña recommended the solo coder engage in shop talk with a colleague or mentor during the coding and analysis.

The use of a solitary coder preserved accuracy and ensured that codes were used consistently throughout the transcripts. The researcher coded each transcript through the

lens of an owner-manager with more than twenty-eight years of experience. This deep understanding of the subject matter improved the overall identification of data with level 1 and 2 codes.

To minimize researcher bias in the coding, a number of transcripts were reviewed and coded by an independent person, a peer DBA student who worked with the NVivo coding scheme (see Table 20). The results were compared and discussed for insights, which improved the coding. Along the way, the solo coder also talked shop with a peer DBA student and a mentor about the coding and analysis, as recommended by Saldaña.

NVivo is a powerful platform for analyzing qualitative data. It was used to analyze the data from the transcripts, and its results were compared to the data tagged by the researcher as an additional measure of protection against researcher bias. NVivo offers several types of package queries and reports and allows the creation of custom queries. The report options include word searches and word frequency counts. NVivo can also create word clouds and word trees to display frequent words in a text. Cluster analysis can be also be used to compare and contrast coding patterns (Castleberry, 2014).

Analysis and Results

Thirty-two semi-structured interviews with owner-mangers and advisors were conducted for this study. The largest group of respondents, approximately sixty-three percent of the total, were obtained through snowball sampling (see Table 21).

Table 21. *Respondents by Source*						
	Advisors		Owners		Combined	
	Freq	Percentage	Freq	Percentage	Freq	Percentage
Convenience	4	44.44%	8	34.78%	12	37.50%
Snowball	5	55.56%	15	65.22%	20	62.50%
	9	100%	23	100%	32	100%

The remainder, about thirty-eight percent, were obtained through convenience sampling. The majority of the advisors, approximately fifty-six percent, and the majority of the owners, approximately sixty-five percent, were obtained using snowball sampling.

The largest group of respondents were owners, who made up approximately seventy-two percent of the respondents (see Table 22). The rest of the respondents, approximately twenty-eight percent of the total, identified with the role of advisor. It was common for owner-managers to acknowledge during the interview that they also advised other companies.

Table 22. *Respondents by Role*		
Role	Frequency	Percentage
Advisor	9	28.13%
Owner-manager	23	71.88%
	32	100%

Most respondents, approximately eighty-four percent, were male (see Table 23). Although no advisor respondents were female, it was common for the female owner-managers to advise other companies.

Table 23. *Respondents by Gender*						
	Advisors		Owners		Combined	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Male	9	100.00%	18	78.26%	27	84.38%
Female	0	0.00%	5	21.74%	5	15.63%
	9	100%	23	100%	32	100%

The average age of interviewees was approximately fifty-eight years, and the interviews lasted about forty-eight minutes each (see Table 24). There was little difference in age between the advisors and the owners. The advisors' interviews tended to be longer, but both advisors and owners allowed the interviews to go substantially longer than the quoted thirty minutes.

Table 24. *Respondents Ages and Interview Lengths*		
	Average Age	Interview Length
Advisor	57.78	54.67
Owner	57.35	41.34
Combined	57.57	48.00

Approximately eighty-four percent of respondents were from the United States, (see Table 25). Belgium, Botswana, Canada, Singapore, and the United Kingdom were also represented in the interviews, by approximately three percent of respondents each.

Table 25. *Respondents by Country*						
	Advisors		Owners		Combined	
Country	Freq	Percent	Freq	Percent	Freq	Percent
Belgium	1	11.11%			1	3.13%
Botswana			1	4.35%	1	3.13%
Canada			1	4.35%	1	3.13%
Singapore			1	4.35%	1	3.13%
United Kingdom			1	4.35%	1	3.13%
United States	8	88.89%	19	82.61%	27	84.38%
	9	100%	23	100%	32	100.00%

The largest group of respondents were either advisors or owners of companies currently in the growth stage; these made up approximately thirty-seven percent of respondents (see Table 26).

When the advisors and owners were combined, their companies came close to being balanced between all three stages. Among respondents who identified as owners, there was a much heavier concentration of mature companies; the advisor respondents worked with companies that had the heaviest concentration in the early and growth stages, which was split equally between them at about forty-five percent each.

Table 26. *Respondents by Company Stage of Growth*						
	Advisors		Owners		Combined	
Stage	Freq	Percentage	Freq	Percentage	Freq	Percentage
Early	3	42.86%	6	24.09%	9	30.00%
Growth	3	42.86%	8	34.78%	11	36.67%
Mature	1	14.29%	9	39.13%	10	33.33%
	7*	100.00%	23	100%	30*	100%
* Two of the advisors' companies stages of growth couldn't be determined						

The largest group of respondents identified themselves as working in "professional, scientific, and technical" industries; these made up approximately thirty

percent of respondents (see Table 27).

The second largest group, approximately twenty-two percent of respondents, worked in “retail trade.” The third and fourth places were split equally between “finance and insurance” and “information” industries, at approximately thirteen percent each. Together these accounted for approximately seventy-eight percent of all respondents interviewed.

Table 27.
Respondents by Industry

	Advisors		Owners		Combined	
Industry	Freq	Pct	Freq	Pct	Freq	Pct
Arts, Entertainment, and Recreation			1	4.35%	1	3.33%
Construction			1	4.35%	1	3.33%
Educational Services			1	4.35%	1	3.33%
Finance and Insurance			3	13.04%	3	10.00%
Health Care and Social Assistance	1	14.29%	1	4.35%	2	6.67%
Information	2	28.57%	3	13.04%	5	16.67%
Manufacturing	1	14.29%	1	4.35%	2	6.67%
Professional, Scientific, and Technical	2	28.57%	7	30.43%	9	30.00%
Retail Trade			5	21.74%	5	16.67%
Transportation and Warehousing	1	14.29%			1	3.33%
	7*	100	23	100%	30*	100.00%

* Two advisors’ industries couldn’t be determined

Hiring

Another aspect of this research was to use interviews explore hiring in an early-stage company. The determination of when to hire was driven almost exclusively by owner-managers in the study, with very little guidance from advisors. The advisors and

owners who were part of the private equity ecosystem took the most active roles in assisting owner-managers with if and when they should hire people or add resources to the company, and the type of people they should hire:

> At the 5,000-foot level? Yes. those discussions were around the cashflow of the company and whether or not they could afford to invest in additional hires and the impact of those hires, particularly on revenue. (P18, advisor and venture capitalist).

> Many of our clients . . . don't have systems and processes in place, and they don't have a job description when they're trying to hire or grow when we come and help them. I've seen that as a gap. . . . Many of the startup founders I have helped, the biggest problem they faced was that they were trying to do something, but they couldn't describe it. . . . It's like knowing there's a medical problem but you're not able to diagnose it. You don't know what medicine you need. So that has become sort of a habit when I'm advising other companies. When I've worked for other startup companies as an early-stage management team member, not being a founder, I've seen that as a consistent gap. (P17, owner and venture capitalist)

> We spent a lot of our time on team building and helping them recruit and . . . identify potential people to be part of their organization, as well as making customer introductions. But the team dynamics are really important . . . they sort of make or break every one of these companies. (P20, owner and venture capitalist)

A number of advisors associated with private equity discussed taking an active role in identifying and vetting potential hires for companies they were engaged with:

> I helped to recruit their first engineer, to basically build out the product. So from that standpoint, I was involved in terms of recruiting executives for that company at the very beginning. (P1, advisor and venture capitalist)

> I think we all bring our network as a resource to a governance position. Whether it's helping to define the next round of financing or finding a banker to help sell the company, or reaching out through the network to find senior people and potential acquiring companies, there's all sorts of ways in which one should feel compelled to advise and help the company. (P18, advisor and venture capitalist)

> Absolutely. We usually start with our own network. Oh, we're going to need a new head of customer success? Okay, well, let's see who

> we know who's available or might have sold their last business. They might be freeing up. We always start there. I would say a quarter to a third of the time, we can find someone pretty quickly that might be a really good fit. If not, then you start using more of the typical recruiting tools of going through your network, going through LinkedIn, potentially hiring a recruiter to help you. Then for the more senior positions, we typically help with the interviewing. We're one of the key inputs. We'll help do some reference and background checking on people, just trying to take a little bit of the burden off the CEO to do all of that on their own. . . . I think team building is probably the most important thing that you do. (P25, advisor and venture capitalist)

> It's awfully difficult in a sixty-minute interview to completely figure out if somebody is the perfect match for an important position in a startup company. I'm pretty sure that I've given the okay to hire a couple of people that just haven't worked out. I guess if we had spent more time together with that person or had more people in the company interview those people, then a better decision might have been made. (P18, advisor and venture capitalist)

A number of respondents not associated with private equity provided insights into their hiring philosophies, how they vetted candidates, and the factors they considered when it was time to obtain additional resources for their companies:

> So, personnel increases . . . again looking at our forecasts, current revenue, and forecasted revenue and trends. There was seasonality to a lot of the businesses I ran. So you would often start with contractors and then turn those contractors into employees. That's a pattern that I kind of fell into in the early two thousands. I'd say it seemed more comfortable for me to be doing that. Plus it also gives you a chance to feel out those folks, and cutting a contractor is a lot easier for a lot of different reasons, cost-wise and things like that. (P26, owner and technology executive)

> It's simple hire slow, fire fast. Hiring is your most costly part of your business. Hiring the wrong people is very expensive to your business and expensive to your time (P11, Owner and Retail Executive)

> What I do know is a couple of things. It is helpful to get honest references on people, fully knowing that only 50% of the references you're getting are BS, if I'm allowed to say that. Because nobody wants to give—especially in this litigious age—give bad references. So you have to ask questions to talk about, what is the skill of this person? Not that they do a great job, which you will ask, but what is

> the specific skill that they bring? I think this is true of CEOs or anybody. You have to learn to ask different and better questions. That's one of the advices I give. Second, early stage: You probably need industry experience, but as you start to scale, non-industry experiences too, fairly good. Somebody who's done it makes it easier for you. They can help talk about it. They've done it. (P22, advisor and business executive)

> So at the beginning, yeah, we did go through quite a turnover in staff to get to the ones that we want. The beauty of . . . just having them as sub-contractors is, when we don't need them, we don't need them. (P28, owner and construction executive)

> When you can't get things done, because everybody's so busy and things are a bit of a mess and you're spending hours and hours at night yourself trying to clean up things because other people can't attend to them—then you've got to face the fact that you need some extra help. Sometimes it's not full-time; sometimes it's part-time. So now you move to the hiring stage, and what do you need? You need a full-time person. Do you need a part-time person then? What do you think you can afford to pay somebody to come in? And that usually dictates a lot of what you're going to do. If you can only pay minimum wage, then you might as well hang a shingle out there. There's no sense taking a great big ad out in the newspaper looking for somebody. The best thing I found when hiring people was word of mouth: ask around, find somebody that you could take and train and bring along. (P14, owner and retail executive)

> We actually spend a lot of time in the hiring process now telling them what they're going to be doing rather than giving them the Rorschach test of, how would you answer this conflict between you and another? Now we're trying to filter out toxic personalities, all those things, by interaction with them. We really try in those early conversations to tell them a lot about what they're going to do and gauge whether we think they're going to be of interest. (P6, owner and business executive)

> If that contractor got busy and was kept busy forty hours a week for more than a month, then I would consider, okay, let's hire a full-time equivalent, because I was always paying that contractor a higher hourly wage than I would pay an employee. But you just didn't want to move forward. You know, the worst thing I ever had to do as a boss was lay people off or fire them. (P26, owner and technology executive)

The idea of treating the hiring process like a water spigot that's always flowing was mentioned by both owners and advisors. They stressed the importance of constantly

being on the lookout for people you might want to add to your organization:

> I was always looking for people, better people, and if I had someone good, I'd bring them up at the board meeting. If I had someone really good, I'd have the board members interview them with me—at least one or two, not all of them. (P24, owner and technology executive)

> Even if you're not hiring, you've got to be identifying. Gee, I've got to follow that person. Very important. No matter how perfect they are, no matter how good they're doing, they're going to last 24 to 30 months, no longer. (P22, advisor and business executive)

As a practicing owner manager with more than twenty-eight years of experience, I have found that an important part of a successful company is for the management team always to be looking for a way to "muscle up." It's important to always be searching for people who would add muscle to the organization. As people leave, or as the organization grows and needs additional skills—these are all opportunities to muscle up the business.

Business Model versus Revenue

An important aspect of this research was to explore the relative importance of the business model and revenue attainment in an early-stage company. When the business model was emphasized over revenue attainment, it was almost exclusively in comments by advisors or owners who were associated with the private-equity ecosystem:

> I would say getting the business model right is more important than short-term revenue. If the company has, quote, the wrong business model, then certainly the focus should be on changing it towards the right business model. Between getting the business model right and developing product market fit, revenues will fall from those two basic components of any business. That tends to be what I focus on for early-stage advisory work. (P18, advisor and venture capitalist)

> My thinking about business models is not about being right or wrong. . . . The best business model is a model that can attract loyal customers and attract revenue, almost immediately or within the context of three to six months, depending on the sales cycle, depending on what you sell. (P1, advisor and venture capitalist)

A number of owners and advisors who were identified as venture capitalists

pointed out that not all business were appropriate for venture capital. As potential investors in a company, they looked for specific attributes in the market opportunity and business model that would lend themselves to scale:

> We tend to think about the businesses that make venture returns and those that can scale very quickly. We spend a lot of time trying to get the business model right and get a business model that can scale and try to discover if there's an opportunity for a business model that can scale. Which, frankly, is the reason why most of these businesses don't work out. It's not that they're bad businesses, not that the product didn't work. It's that there was no business model for the market they were trying to serve in the time period that they were trying to serve it, that we can find a scalable path for. That, to me, is way more important than "Let's build revenue." (P20, owner and venture capitalist)

> Venture capital is not for every company, and it's not necessarily a judgment on the quality of your company as to whether or not you need, or you raise, capital. There can be great businesses that don't raise venture capital, and then there could be lousy businesses that do. It's just, for me, it has to be a business that has significant scale potential to make sense. (P25, advisor and venture capitalist)

An important reason cited for focusing on the business model before revenue attainment was to make sure there was efficient use of the capital provided by the private equity investors and a clear path to profitability:

> I think it's good discipline to get the model right before you spend too much money trying to repeat it. I'm not sure everyone does that. You'd rather spend a modest amount of money and really iterate with maybe a small sales team and a small product team until you feel like, okay, I think we have identified the right people to go after, the right types of companies, the right general pricing model, so how are we going to support people? Because it all does depend on how much you charge, then dictates how much you could spend on acquiring customers. It dictates how much you could spend on supporting customers. So all those things are closely related until you settle on that, at least within a reasonable margin of error. You don't want to all of a sudden start pumping millions of dollars into, like, "Let's do more of it." I think you want to establish, the cliche in our industry, "Is there a product market fit?" I think it's fine to keep iterating on your business model, but you don't want to be sort of wildly oscillating or changing your business model as you're

> investing large amounts of dollars. (P25, advisor and venture capitalist)

> We tend to tell people that venture money only goes to a very small percentage of all the businesses that get started. Even then, 70% of those fail. There really are very few businesses that can be artificially brought to a scalable state in the world. And why so many of the investments fail is they get over-invested without trying figure out, Is there a path to profitability? (P20, owner and venture capitalist)

> It's always good to have a sales and marketing person on the board. We are impressing that upon companies in our portfolio that are B2B, SAS businesses. Building a marketing and sales engine is absolutely critical to the growth of the company and will have a big impact on the amount of capital that you need to grow that company, because we're investing very early on in the lives of these companies and prefer to have a capital-efficient model. If you make mistakes on the sales and marketing side, you're going to have to raise more and more money, and that money is going to have not the best terms that early investors might want to tolerate. (P18, advisor and venture capitalist)

The study provided evidence that being able to focus on the business model over revenue attainment is a luxury that most owner-managers of early-stage companies cannot afford; they must have deep pockets, be ventured backed, or focus on the business model in the early stages to succeed in a given industry.

The clear focus by owners and advisors who were not associated with the private equity ecosystem was on revenue attainment rather than perfecting the business model:

> I'm very big on getting rid of revenue that's not ideal for your business, but in the beginning, when you don't have a runway, which is what I call funding . . . you take revenue. . . . All those books that talk about perfect customers and all that, I don't buy that in what you've described, the early-stage company without funding. (P22, advisor and business executive)

> Getting revenue in the early days is just crucial. It's part of that operational maturity model that they all talk about, and that is when you are starting, you just take anything and everything, because you got to keep the doors open and the lights on. Unless you're sitting on a pile of inheritance or something, or you've got an angel investor that doesn't care. At the beginning, everybody is about survival. At

> least, it was for us. (P5, owner and technology executive)

> Revenue in the beginning? It was critical. I mean, there was a time when I thought, you know, I'm not going to make it. I can't feed my family. I'm going to have to get a job. (P24, owner and technology executive)

> My bias would be towards revenue, because that sustained it . . . through that survivability stage. (P26, owner and technology executive)

> Well, the business model, I didn't even really think about a business model. I just knew how to write proposals for the government. I knew there was money available. And if I had a technical person to write the technical stuff, it was good. We could get money. That's what we did. (P29, owner and manufacturing executive)

> In those early days, it's really about revenue. It's safe to say, don't be picky about it, just get it. (P14, owner and retail executive)

> I was in a business one time, it was a donut-shop, coffee-shop business. We ran it very well, but we didn't have the sales. If you didn't have the sales, you didn't have the gross profit. Even though you minimized the expenses, you just didn't have enough to cover the expenses. So you need sales, you need revenue, first and foremost. After that, you need to have your finger on the pulse of the business. (P14, owner and retail executive)

> Because survival is key. If you cannot survive, you don't have money to continue, then the business has failed. So in between, before you get to what you really want to do, if in any way you can generate revenue for your company, and not like you have to go miles to generate that revenue, then you should do it. (P21, owner and business executive)

A few of the owners who were not involved with the private equity ecosystem reflected that they could see other types of business for which a focus on business model over revenue attainment might be necessary for success:

> Most of my businesses have been service oriented. I haven't done much manufacturing. So with manufacturing and product-related businesses, it may be more about the strategy, and the business plan, and your costs and all that, whereas in the service business, it's more about sustaining the business through that revenue stream and marketing in such a way that you've got recurring revenue. You know, it's different if you're building a product versus selling a

> product. (P26, owner and technology executive)

> I'm very cognizant that as a services business, it's a different conversation than if . . . I've designed the product, I put a lot of resources into researching and developing a product. I probably ought to have a pretty good idea of who the market is, but coming from a services background, that's kind of the way I've always approached it. Let's be more liberal with our business at the get-go so we can hone our focus in the right way. But I definitely see that if I'm investing in developing a product where there's . . . capital expenditures involved in research, R&D, yeah. Then that's where that market research and having that good idea of who you're serving is probably a different conversation. (P7, owner and technology executive)

It was common for owner-managers not associated with private equity to discuss taking any and all revenue. Several made the distinction that this should not violate your beliefs as a founder. They stressed the importance of managing all aspects of the business in a way that reflects the owner's beliefs:

> Well, I think at the beginning, it's all about revenue, period. Now, revenue doesn't mean you do things that are illegal, or don't fit who you are, but I think everything you've got to do, you've got to be concerned about getting revenue in the door, and you're going to make mistakes and you're going to get behind in other things. But revenue is absolutely the key, where you've got to spend 98% of your time. (P24, owner and technology executive)

> It was the advice we got about just completely going cold-turkey off this relationship that we'd had for several years. We decided not to take the advice because it was nothing we could stomach doing. . . . We viewed it as a very risky move, and not the most ethical thing we could've done, I guess from a loyalty standpoint. Loyalty has always been one of our big core values. So we didn't do it. Fifteen years later, we still have that relationship. It's still a very significant part of our business. I think we made the right decision, but at the time it was pretty dicey (P7, owner and technology executive)

> How I survived in business was treating people right, caring. I think the biggest word today is care about people, care about employees. Treat people like you'd want to be treated. I think that's really propelled me through my business life . . . because I cared about not only the people I was selling to, the people I was servicing, but I cared about the people that worked for me. I think that, today, goes a long way, and people know when you care. I think that's a big

> thing in business today, but you definitely have to do your homework and research. (P11, owner and retail executive)

> Well, I think it's not worth getting, when it gets into . . . who you are and what you stand for. Because if you take that business, you set a standard for what type of business you'll take. That was never what I was going to do. So I think people have got to . . . stand up for what they believe. You could take money from other people and do things that you don't want to do, but if it really gets into your core values and you take it, you've sold your soul. (P24, owner and technology executive)

> Some advisory board members have . . . I won't name them, but they've said, look, you should do things and overlook regulations. I am very particular about compliance because it's all about the name and reputation and all that. (P17, owner and venture capitalist)

> I do take the advice. It's just, if it doesn't feel like it's part of me, how I would normally behave . . . I can't do that, or I don't do that. (P29, owner and manufacturing executive)

An important aspect the study revealed, of this principle of taking any and all revenue in the early stage, is that there is a learning curve helps businesses be more successful. Ascending this curve helped owner-managers understand the difference between bad and good business, and helped them create a sustainable business model in which the business provided real value to its customers and, more importantly, addressed a customer's pain point a real need:

> It's important, absolutely, but I don't think you start off with a model in your head of "This is what I think it's going to be." My point is, you can't be stuck on that. You can't say this is the only way, and I'm going to make it work this way. You've got to go with the flow, and you'll find that you're selling more of this. Then you chase that, you know, "Why am I selling more than that?" (P26, owner and technology executive)

> I guess maybe it's my conservative nature, but no, the way I look at it, revenue is important, and you may not be doing what you want to do right now, but you need to do something to pay the bills, to develop that foundation. I kind of see it as just like raising a kid, or when young people leave the nest and start exploring careers. This might not be the job you really want, but you won't know that until you do it. In the meantime, you're getting experienced dealing with

customers, but the important thing is getting paid. (P7, owner and technology executive)

It's all about sales. If you haven't got sales, you haven't got anything. If I had to talk to a young entrepreneur nowadays, I'd . . . tell them you've got to have the sales. If you open up a restaurant, you can make the best hamburger going, but if you go only sell one of them a day, you're not going to be a business. You've got to have the sales first. You have to learn how to retain proper gross profit when doing a sale. That just comes from checking the market out. (P14, owner and retail executive)

One is, of course, you are able to pay the bills. The second is that you have someone that believes in your product—it's not just you, it's someone else that believes in your product, that's paying you for it. I think this is even more important than just to pay the bills. Because you can pay the bills, raise funds, and keep developing something that's useless, like I did in my first company in the U.S. But revenue, it's from someone who believes and gives you the idea that you're solving a pain for someone. So it's extremely important. Even if it's small, it's extremely important. (P16, owner and technology executive)

You might start off with a pretty wide menu. You're going to say yes to anybody. You're going to find that these services aren't necessarily as lucrative, or it's not what you want to be doing. This market segment is more lucrative than another market segment. I think having a wider gate to start with allows you to make an informed kind of laser focus later on. That's kind of how I've always looked at it. (P7, owner and technology executive)

Sometimes you hear something, like people told you you should do something, and you're like, intuitively, no, absolutely not. And then you get disappointed as well when people tell you no, this is something you shouldn't do. . . . And then you start to think . . . okay, maybe it's not as bad as I initially thought, or my impression. I labeled that thing negatively, and it's not that bad. And then you started to rationalize: maybe that's something doable. Why not? And then you start to take actions. You do it. And then you kind of turn around. Sometimes it's just up, you stick to your own way. This is the right way. My company should develop like that, and that's the right way. Okay. Anything else? No, no, no, that's not me. That's not my company. And then people start to look, and it doesn't really hurt. Think about it. If I were you, I would consider this and that. And then you think about it. Yeah, why not? Maybe, what's there to lose? Then you start to figure out, it might be the way to turn around. Could be. (P21, owner and business executive)

> I've kind of fumbled through that and figured it out on my own. I like where I've ended up but, you know, if I had that advisor available, I would certainly have many questions about rates and pricing structures. And hey, is this model a good model? And how does this scale? (P4, owner and technology executive)

A few of the advisors and owners who were associated with private equity stressed the importance of revenue over the business model when the owner-manager was bootstrapping the business, providing further support for the claim that perfecting the business model is a luxury that most early-stage companies do not have, unless they have deep pockets or it's a necessity for success in their industry:

> I think the luxury that the venture company has is that once they figure it out, they can get more aggressive. You can pretty quickly double the size of your sales team, and you could invest in marketing and those sorts of things. Whereas when you're bootstrapped, you're growing based on profits, so it's harder to be as aggressive. But . . . bootstrapping can be very good discipline for businesses. To some degree venture capital is something that you can become addicted to, and you don't know how to survive without it. That can be bad too. We've had some very good experience generally in backing companies that have maybe raised a little bit of money but not a lot—let's say mostly bootstrapped, with a little bit of capital—and get to sort of a point where their burn is either very low or they break even. (P25, advisor and venture capitalist)

> For early stages, at the very beginning, revenue is king. Even though they're a bad customer, you still want to retain them. Hopefully they don't demand a lot of your time and effort to attract that revenue. But over time, you are hoping that they become less of an importance, if you will. Still maintained, to keep those revenues coming in. From those difficult customers, but it's still revenue, right? Greenback is greenback. Revenue is money. Money is money. Doesn't matter. (P1, advisor and venture capitalist)

One firm that specializes in supporting companies that are private-equity funded or hope to be was between funding rounds itself. This lack of a runway, as one advisor put it earlier in the study, led them to focus on bringing revenue in the door over perfecting their business model:

> No, it is very important, putting money into the bank, because we are straight private and without investors for a long time. So you can say, to be bootstrapped is probably the hardest way to build a company, because most people take the easy way out. I'm not saying raising capital is easy. It is difficult. I am going through the process right now, preparing to raise. But revenue is very important . . . if you want to be bootstrapped and build the business, then, you know, you kind of have to look at all legal forms of revenue that, without diluting your mission, you can use to make money. (P17, owner and venture capitalist)

Covid-19 led many owner-managers to focus on their existing business models. When the question was posed whether they discuss business models with the people they advise, one response was quite insightful:

> All the time, especially in the last, you know, post-covid? We spent a lot of time on business models, because some of the old business models weren't working when covid came and, you know, the obvious ones about going online and doing all that. (P22, advisor and business executive)

This answer is directly related to companies and their survival and need to bring in revenue. Their current business models are broken or being disrupted by covid-19 putting the business at risk, and they need to make adjustments to survive.

The general consensus from owners and advisors was that fine-tuning of the business model should be done in the later stages of the business, when survival is much less at risk and owner-managers have the runway they need to focus on the ideal customer:

> When you're already cashflow positive, you can be choosy and pick the right business model to attract the right customer. (P1, advisor and venture capitalist)

> You might start off with a pretty wide menu. You're going to say yes to anybody. You're going to find that these services aren't necessarily as lucrative, or . . . what you want to be doing. This market segment is more lucrative than another market segment. I think having a wider gate to start with allows you to make an informed kind of laser focus later on. That's kind of how I've always

> looked at it. (P7, owner and technology executive)

> After that first stage of startup, when you've figured it out, this is what we're going to do, and I'm going to light the match now to get this burning a little hotter and grow at that point. (P26, owner and technology executive)

> In those early days, it's really about revenue. It's safe to say, don't be picky about it, just get it. Then worry about, over time, maybe getting more selective. (P14, owner and retail executive)

System, Processes, and Delegation

One aspect of this study was to explore the impact of delegation, processes, and systems on an early-stage owner-managed business and its ability to develop to the growth stage or beyond. Both advisors and owners identified delegation as critical to growing the business. One venture capitalist identified the inability of entrepreneurs to delegate as a risk factor they take into consideration before investing in a business, since it directly affects the ability of the business to scale, a necessity for it to be viable for capital investment by private equity:

> There's definitely leaders, CEOs and so on, who you learn as you work with them that they're kind of micromanagers. They have a hard time delegating or letting go. That's a challenge, because that's not a scalable approach to building a business. You look for those sorts of tendencies. When you're evaluating, at the beginning, when you're sort of trying to judge, is this—and I'm not saying that it's necessarily—a deal-breaker? The guys a micromanager, this thing's dead—that's not at all what I'm saying. I'm just saying it's something that you might try to address or cover or talk through. Because of course, in order to really become a much larger business, you're going to have to delegate. You're going to have to give up control of certain things. (P25, advisor and venture capitalist)

> No delegation is absolutely critical. It's a career-limiting move for leaders and managers and owners who want to grow their businesses to certain sizes. And particularly in some of the entrepreneurs, smaller-owned businesses, "Hey, this is my baby, I'm growing this thing. I'm used to keeping all my fingers in the dike." And I can't tell you how many acquisitions. I just made one, unfortunately in

> January right before covid, and the reason we made the acquisition and the reason the individual was selling is that the business had got to a point where he couldn't touch everything, and it was extremely frustrating, and he was the one limiting growth. It's very hard for entrepreneurs. It's in the maturity, the bell curve of a maturing business. (P9, advisor and business executive)

> I tell people . . . starting a business, or when I'm talking to other business owners—I say, if you can't figure that out, you can't grow. So it was wild, because I haven't arrived yet. I'm still a work in progress there. As far as being able to delegate better, if you can't trust the team enough to give them work and to say, do this, and then even to say, sort of in the commander's style, I don't have time to dictate exactly how to do your job. I'm going to tell you; I want the spirit. I want this outcome, go and do it, and report back to me—that's really hard for me. I don't know if it's hard for every business owner, but it's hard for me. It's not a control-freak thing, but I'm the kind of person to say, you know, I'd rather just work 90 hours a week and just do it because I know exactly how I want it. I'm basically asking other people to participate in my dream and to do it the way I want. And it's a scary thing for me. But being able to do that, and tell the team, Hey, listen, I need you to be in charge of these clients. I need you to be in charge of the support team. I need you to be in charge of invoicing and billing, and I'm going to focus on only the things I should be able to do—I think that's the key to us growing. If we didn't do that, we wouldn't have grown to the size we are now. (P4, owner and technology executive)

> Delegation. it's very important, but it's very difficult when your name is on the building to get people to understand how you got to where you are and to think like you, and there's a joke around here: "What would [P13] do?" (P13, owner and retail executive)

One advisor pointed out that the prevailing wisdom is to focus on the business and whether it is positioned to grow. On the basis of more than fifty years advising numerous companies, this advisor felt that the real focus should be on the entrepreneur and whether they still have the mindset that they need to do it all, or are ready to delegate:

> We've got to really talk about the growth of the entrepreneur. Before we talk about the growth of the business, if the entrepreneur is still in the "I've got to do this" mode. Because if you bring good people in and you still want to do it all, they're going to leave and you get company, you get a reputation as not listening. So I think a lot more of these questions—not just from you, but you know, I've been

> interviewed by lots for research papers for learning, and they don't focus on the issue of the change in the entrepreneur. They focus on the change in the company. (P22, advisor and business executive)

Although commonsense dictates that no business can grow to any scale with a leader still trying to do everything themselves, it also dictates no one wants to on a team where all their work is micromanaged. This seems intuitive, but being at the helm of a business in the early stage is an all-consuming endeavor, and it's easy not to see the forest for the trees. One owner described it as living in a bubble:

> You can tend to live in a bubble when you're running a company and tend to only look at things through your own lens. (P31, owner and business executive)

Both advisors and owners consistently cited the importance of processes and systems. These were the foundations a business needed to deliver consistent, high-quality products and services. Without processes and systems, a business risks negative consequences for itself and its customers:

> They're one of the foundational pieces because you can have great systems and bad culture, great systems and poor leadership. I would say that the foundation is going to crumble if you don't have those pillars underneath it. (P9, advisor and business executive)

> They have to write it down. Even though they know it cold, as mundane as how to get a customer, they need to write down the whole process and stuff. It's crazy. But the idea of writing things down will reinforce what ones you don't know. I always encourage them to write a business plan. I encourage them to write an operating plan. It's definitely the ones that don't have a process—they tend to be flying by the seat of their pants, if you will. It's not as structured, and those tend to be mom-and-pop, like one guy controls everything, thinking that they know everything—they'll be stuck in the Ferris wheel. (P1, advisor and venture capitalist)

> For the everyday tasks, you definitely need that process. Once again, for consistency purposes, and for you to develop the new juniors, you have to give them something that your company, your procedures—you don't want thirty different ways. It will be horrible for the company and for the client. (P5, owner and technology executive)

> You can have a great product, but that's, as you know from your own experience, that's not enough. It's really a combination of processes, people, et cetera. (P11, owner and retail executive).

> Process in the business? Yeah. It's pretty important. This is just how I personally operate. There always has to be a process that can be changing over time. We all need to coalesce around some process in whatever it's in, whether it's in engineering or marketing, there needs to be a setup and a routine and a process. Otherwise, it's just chaos. So yes, it is important. (P12, owner and technology executive)

> Processes and systems are very important. I know people that sold like crazy but never made any money because they just didn't have a process for getting rid of their used cars, for example, or they didn't have a process for making money in the service department. Everything needs a bit of a process. (P14, owner and retail executive)

> Processes and systems are very important to us. In fact, we have digitized our entire operation. I know everything has got a rhythm. Like, I learned that from working in large companies like Microsoft and HP. We have a weekly check-in or a bi-weekly check-in for every team. We have tasks, which are backed by processes. We track all of this very closely. We have metrics by which we process everything. Maybe it's a little bit too much, but it's a very light process. We don't make it as onerous as some of these large companies. It is important, because then you can see at the end of the week, or end of the day, what kind of targets did you hit? What did you miss? Those kinds of things. It improves the transparency and accountability. You know: who's falling behind, who's actually on track, what needs to get done, you know, those kinds of things. (P17, owner and venture capitalist)

No advisor or owner disputed the importance of processes in the long term, though many stressed the importance of process being more a guiding principle in the early stage than a formal process that must be adhered to. As the business evolves, so should its business processes and systems:

> I think process gets in the way in the beginning, because you're going to break all your rules in the early stage to get a customer. Having too many processes takes too long, and customers want an answer. Too much process can get in the way of being flexible, but clearly as you start to move up the scaling, you need processes for several reasons. One is because of your people: as you start to also

> hire new people, they've got to get into a routine so all the rules aren't being broken. The problem is, you can go from a startup, when not a lot of rules are important, but when you start to add ten and twenty and thirty people, you've got to have processes, because you can't monitor a mentor. You can't train. I don't know when that right moment is. I tend to know when it's too late—not too late, but it's late—which is what most of us do. We're a little late on the processes, but I'd rather do that than be early. (P22, advisor and business executive)

> I'd say it's important to have this thought process that's among the core team, not necessarily formally documented at the startup stage, because things go very quickly and we really don't need to have the formality to go through a procedure among us to do this and that. (P21, owner and business executive)

> I think that you start to introduce that stuff in the growth stage, I don't think it really exists in the startup stage, and that's fine. I mean, in the startup stage, you want to start to become, as you make progress, a little more formal about the key metrics. For tracking the business, and what are you really using to measure progress against? And how do know if the sales team is being effective? And so on. But you don't have a lot of heavy, formal processes as you move into growth. You have to have some of that in order to scale. You want to know what it is that you're really repeating. And then you're hiring the next set of people to replicate them to do again, and so on. (P25, advisor and venture capitalist)

Along with delegation, a number of the advisors and owners discussed the importance of systems and processes as a necessary foundation for scaling the business:

> Yes, all of those things are to get to growth. Most definitely. If you're just going to run a ma-and-pa shop, you can go and do everything on your own, but if you're going to grow, well then you've got to learn. You've got to have trust in somebody, and you've got to delegate authority to them and delegate responsibility to them, but you still have to have some checks and balances on what they do. (P14, owner and retail executive)

> Definitely, to those that are looking for rapid growth, you need a hard set of rules and processes and procedures if you're going to scale up. There's no question. I must admit, we don't always follow that. But it is something that many of the peers are looking for, in that as they grow, they want that runbook that's absolute, that they can cookie-cutter it over and over again. (P5, owner and technology executive)

> Process, policies, and procedures are extremely important to get to the next level. (P13, owner and retail executive)

> Undeniably, scalability and process seem to go hand in hand. I think that's probably true with anything, whether we're making widgets, hamburgers, it doesn't matter, whatever it is—that ability to create a repeatable product over and over and over again becomes, then, everything that you focus on. (P6, owner and business executive)

> For five to ten years, we delivered products and services quite successfully, but not efficiently and not repeatedly. While we survived and we did quite well, and we were always profitable, the growth was never quite there. In the last five to ten years, we made a concerted effort to shift away from non-repeatable—not exclusively, but really shift away the majority of revenue away from non-repeatable, non-efficient services and products to repeatable, efficient services and products. Since that changed, the consistency of work has improved. The people have improved. . . . Our staff has improved their mentality. They now know that everyone has a job and we can train people. We can onboard people. We can hold people accountable because we have processes that are documented, and we can go back to them and say, okay, you're deviating from how this is supposed to be. So that has made a big difference, undeniably. (P6, owner and business executive)

> Definitely, processes are important. Especially if you try to get to any kind of scale at all. If you're going to do more than just a mom-and-pop kind of very small business, you have to have formal processes. I think that kind of starts . . . as soon as you hire somebody, as soon as you expand to the first person who is depending on you to get paid every week and to have their health insurance work and make sure the coffeepot works. Those processes start right there. That's even putting to the side the fact that if we're going to provide quality services to our customers, then we need to be doing the same thing every time, regardless of who's in the seat. (P7, owner and technology executive)

> I always said in my operational worlds, I want it to be like McDonald's and Burger King—you know, have it your way. They're always going to mess up an operations department because you're doing the same job but differently every time, which requires a lot of coordination with sales, a lot of coordination with design and engineering people, to making sure the customer is satisfied. Whereas at McDonald's, you order a hamburger and expect to get a hamburger. So we always try to, wherever possible, use that more simplified approach. It's more repeatable, and it will allow us to grow. That requires having really good systems, really tight systems. I'm not saying so rigid that you can't handle the one-offs, because

> every business gets those, but I'd rather do 95% of my business one way and get really good at that, then the other 5% we can mess around with, than have it be the other way around. (P26, owner and technology executive)
>
> I think like everything, Michael, you need a good foundation to begin with. If you know what your foundation is when you start, and if you start on a solid position . . . on a solid base, it's easier to grow it up higher. (P28, owner and construction executive)

Industry and Peer Groups

A focus of this study was to better understand the role industry knowledge plays in OMCs' performance. The general consensus from both owners and advisors was that industry knowledge can be very helpful. One advisor did share the concern that if you've been in an industry too long, you could be too set in your ways:

> Industry knowledge is very important. Along with just business knowledge, but industry knowledge, and having somebody that you know is on the same playing field as you, really helps. (P11, owner and retail executive)
>
> Industry experience . . . was important for me in the sense that when I talked about things, they understood. (P24, owner and technology executive)
>
> They have industry experience, and they live more than a hundred miles away. Yes, that was the joke. We always used to say, they're in the same business, they must be smart. They live more than a hundred miles away, and we're going to rely on them. Yes, absolutely. I often seek out people that have similar experience because it helps to look at things from a different perspective. With most of the advisors I used, I tried to see if they had some telecommunications experience or some audio-visual experience, so that I didn't have to explain my business to them while I was trying to get to the solution. (P26, owner and technology executive)
>
> Industry knowledge is very important. We have so many different aspects of the industry that we have to service and so many different industry verticals. It's so wide-ranging, and having different people with different experiences within the industry is extremely valuable. We just, we wouldn't be the same group we are today without that . . . input. (P31, owner and business executive)

> I'm a big believer in diversity on the board in every way. So, there's a person with very high-domain expertise on the board who I think gives the CEO a different set of insights than I give as somebody who has invested in sixty startup companies over the last twenty-plus years and has seen time and time again what makes for a successful startup CEO. (P18, advisor and venture capitalist)

> I think the balance is that if people have been in an industry for too long, they can get set in their ways. They don't see things in new ways. They're very "Well, this is how it's always been done, and this is why," whereas an entrepreneur will come in and say why? and that they think it should change. And I, certainly, I think diversity of thought and diversity of background—diversity generally breeds more innovation, more creativity. But I do think . . . it's such a competitive world; in order to have kind of real insight, it's hard to do that without any real knowledge of an industry. (P25, advisor and venture capitalist)

One owner cited the need to have industry knowledge as a prerequisite to being able to break into the private equity eco-system.

> Industry knowledge is very important because the venture capital industry is a very close-knit industry. I would say it's an inner-circle club. Most of the folks . . . are in there because they're privileged, they got lucky. They got mentored by somebody. It's almost like an apprentice model. Somebody who's an experienced VC takes an apprentice. That's how it's been going on for the last fifty years. Maybe it's going to change. It's a tough industry to break into. (P17, owner and venture capitalist)

Two owners felt strongly that it depended on the complexity of the industry: the higher the complexity, the more industry knowledge one needs to be a useful advisor. Another owner used the consumer market as an example of not needing industry knowledge:

> You know, it did depend on the business. Some of our businesses were very simple, others very complex. On the complex ones, it was critical that they understood the business because there's so many moving parts in that kind of a business—recurring revenue, non-recurring revenue, tariffs, all sorts of regulatory taxes and fees and things like that. It was really important that we brought in somebody that we didn't have to teach . . . because it would have taken forever for them to learn on our dime. (P26, owner and technology

executive)

> I think industry experience is essential because, again, you need to build something that not only one company wants to buy; several companies need to buy your product. It depends on the type of business. In the B-to-C type of company, I think it's easier. You don't need a lot of expertise in one specific market or one specific industry because you deal with people and consumers, you can probably get feedback from your own family, and so on. When you deal with B2B, I think that's essential. because you need to talk the same jargon as the companies that you try to sell to. Unless you've worked in that specific industry, you need to catch up fast. (P16, owner and technology executive)

One owner downplayed the importance of industry knowledge. They were already an expert in their industry and customers and purposely looked for advisors who had strengths in areas they were deficient in or had little working knowledge of:

> Industry experience is not as important. I feel like I understand my industry and, you know, I'm not a financial or legal expert. We are pretty good technologists, and I think we understand the services we provide and the customers that we serve. So typically, when I'm looking for an advisor, I'm looking for someone who has expertise in something that I don't know, or some area that I'm not an expert in and really not in a position or of a mind to become an expert in. So understanding our industry, frankly, what we found is it's the people that have expertise in these other areas. It's very difficult to get them to understand our industry. (P7, owner and technology executive)

Approximately twenty-eight percent of the companies associated with advisors and owners belonged to an industry group or professional peer group (see Table 29). Members of industry groups were all from the same industry, and though they paid their own expenses in group activities, there was not always a fee for belonging to the group.

Table 28.
Membership in Industry and Professional Peer Groups

Owners and Advisors		
	Frequency	Percentage
Member Industry/Professional Peer Group	9	28.13%
Non-Member	23	71.88%
	32	100%

The professional peer groups did have fees associated with membership. Their meetings were professionally managed, and a number of steps were taken to ensure a high level of trust at each meeting, so that participant could share information freely. These included rules that no two members could be from the same industry, or that no two members in the same industry could be doing business in the same geographical area, and non-disclosure requirements to ensure confidentiality:

> Well, trust does evolve, and it is earned, but there are certain parameters that have to be put into place, and rules that . . . can't always ensure trust, but help that to happen. I'll give you an example. In the Vistage group, we all sign a non-disclosure agreement . . . about any of the things that go on in the room. And I will tell you, we've had discussions in those rooms about their personal lives, from divorces to stuff that goes far off topic, but they needed somebody to talk to. There's just a tremendous amount of trust in that room. (P9, advisor and business executive)

> When we found that peer groups were made up of companies that were similar but in different geographical locations, that made them a perfect venue to be open about and honest about your business, both the successes and your problems. (P5, owner and technology executive)

> So the critique group and the institutes that I would go to, none of my local competitors would go there. The people in my buying group and the people there, they were New Hampshire, Vermont, Rhode Island, Connecticut. They really weren't my head-to-head competition, but they knew the region. (P13, owner and retail executive)

> If you're talking about our trust in the group, it's very important. We have to have people that we trust, and we work very hard to make sure that people . . . don't make their way into that group without

> having some trust on our part, but also trust within the community. The other members of the group have to be able to trust them and their agenda. (P6, owner and business executive)

Every advisor or owner who belonged to an industry group or professional peer group found enormous value in participating. It was common for them to report belonging to different groups at different times, or even multiple groups at once. The members of industry groups described the value of learning from others in their business. It was common for business and personal issues to be shared at meetings:

> I think the biggest thing for us was learning different ways to buy from manufacturers, discounts that we might've been missing out on because we were not aware of. That was one of the invaluable things that we got from the group, which was between twenty dealers in the same kind of industry. We were always finding out interesting deals throughout the industry that were available, like manufacturers that were doing well and that we should approach and get onto our lot. There's lots of items like that, and it didn't limit to that. If you look at a business, there's so many areas that you're finding better ways do things, like hire employees. An example is . . . when we were smaller, we didn't use a payroll company. We learned from them the cost effectiveness of a payroll company, little things like that. They were endless. I was in a group for close to twenty years, and it was just incredible. (P11, owner and retail executive)

> I went to the distributor and said, I'm thinking about closing the business, getting out of it, blah, blah, blah. It's just a stupid business, not making any money. "Rather than help you go out of business, I'm going to send you to Whirlpool School." At that time, Whirlpool had a training center in Michigan, Benton Habor. They had a hotel and a training center, and they taught you the basics on management, the basics on sales, that kind of thing. Everything I've ever been involved in, Michael, it's the people in the room that you talk to, at lunch, dinner, that kind of stuff, that you learn more from. That got me fired up and got me more engaged in the company and growing the business. (P13, owner and retail executive)

> Not really. Once you get into the car business, there are things called performance groups where you get together with fifteen of your peers, could have been twenty of your peers, and you would compare financial data. Then you would talk about what your experiences were, where you were doing good, and where you

> weren't doing good. (P14, owner and retail executive)
>
> Well, I wouldn't have been involved if I didn't know all the people involved, didn't know our industry really well. The moderator worked for a company that was a pro at putting together these matrixes and helped you compare how you were doing. You might've been looking at a used car department, and they were pros at ferreting out the kind of information that you needed to have to be successful. (P14, owner and retail executive)
>
> This group mastermind, we meet twice a month, and it's a small group. I think there's probably ten other business leaders in various industries. One is a pool installer. One is an EMS training provider. One recycles cars. They find the catalytic converters and resell them on the secondary market. So they're different industries, different businesses. We meet twice a month and we just kind of talk about our goals, our blockers, ask for advice and things like that. (P4, owner and technology executive)

Meetings, Advice and Trust

Most of the advisors, approximately fifty-six percent, represented companies that had a formal board of directors (see Table 28). A board of directors has a fiduciary obligation to the business, and both owners and advisors reported that they typically met regularly and with a formal agenda.

The next largest group of advisors approximately thirty-three percent, represented companies with a board of advisors. Unlike a board of directors, a board of advisors does not have a legal fiduciary obligation to the business. Both advisors and owners reported that these groups also typically met regularly and followed agendas. Before the covid-19 pandemic, according to both advisors and owners, board of director and board of advisor meetings were typically held in person.

Table 29.
Board Types

	Advisors		Owners		Combined	
	Freq	Pct	Freq	Pct	Freq	Pct
Board of Advisors	3	33.33%	3	13.04%	6	18.75%
Board of Directors	5	55.56%	4	17.39%	9	28.13%
No Board	1	11.11%	16	69.57%	17	53.13%
	9	100%	23	100%	32	100%

Most of the owners, approximately seventy percent, represented companies with no boards. The next largest group, approximately seventeen percent, had boards of directors. When advisors and owners are combined, the largest group is still companies with no boards, at approximately fifty-three percent, and the next-largest is companies with a board of directors, at approximately twenty-eight percent.

Both advisors and owners reported that having a regular cadence to the meetings was quite useful. They also reported that given an advisor's busy schedule, this was not an easy thing to arrange. They said that regular meetings encouraged the exchange of information, more open dialogue, and better knowledge of the business among the advisors and board members:

> What's useful about it is we have fifteen other presidents or CEOs on it. So we get a very wide amount of advice, but yes, we meet regularly. We do an offsite retreat once a year. So there's a high level of knowledge we all have of each other's businesses . . . personally, at a high level of trust. (P8, advisor and business executive)

> Pre-covid, it was most commonly in person at their office, or sometimes you'd meet at a nearby coffee shop or for breakfast or dinner to talk. These days, it's all like this over video. I assume that in the future, it will probably be a little bit of a hybrid, now that more people are more comfortable with these sorts of Zoom virtual meetings. I would also expect a healthy portion of them will go back to meeting in person. For me, it was sort of like, if we're going to talk for at least an hour, I'd love to get together. If it's something quick, fifteen minutes, or half an hour or less, I'd probably do that

> over the phone. It just kind of depends. For most of the companies I invest in, I have pretty regular interaction, talking every week, every other week, just depending on what's going on in their business and how intense things are. Board meetings might be once a quarter or every other month. So they're far less frequent. (P25, advisor and venture capitalist)

> I think the cadence of a regular meeting helps. . . . One, it breaks down the sense that I have to, like, to prepare how to talk to this investor or board member. It can be more of an open dialogue. I feel like a lot of people feel like they need to impress their board. . . . They want to tell them good news. They don't really want to tell them the bad news. They want to show progress, all those sorts of things. And I respect that, but it's not necessarily the most helpful. (P25, advisor and venture capitalist)

> Cadence actually does help, but unfortunately the schedules are so tight that we don't have what is called a regular cadence. We don't have like a weekly catch-up or whatever. It's almost like it is regular, but it is not with a regular frequency, if that makes sense. (P17, owner and venture capitalist)

Both advisors and owners reported that when the need for advice arose, they would search out an advisor who could help:

> It's situational. If there's something that's required, then I'll go out and try to obtain—to think of what's the best way to get information about it or have the discussion. (P12, owner and technology executive)

> I tend to reach out to individuals based on specific capabilities that their company might have that might tell me that they have an idea of how to solve a specific problem in our business or take on a challenge in our business. Within my personal network, it's very situational. It depends on what the issue is that I need some advice on. If it's more of a personal nature of advice that I need, related to the business firm but for me within the business, then I'm going to really tighten the ring of how many people I might reach out to, in that they need to be somebody not only that I trust will be fully confidential and give me very candid advice, but also that has a perspective that I'm looking for, that maybe I know is a gap for me. (P8, advisor and business executive)

> We do always have an agenda. The one guy who advises me on email, it's always a very pointed question and he comes back with a very pointed answer. It's very precise. And one guy on the phone, or we meet sometimes when he's visiting Singapore over a meal, or

> we have a phone call, or even we have messaging, or he leaves me voice messages. There's a specific question he's trying to answer. So there is definitely an agenda to all of these meetings. (P17, owner and venture capitalist)

> I think it is definitely situational, and I pick the people based on the situation. . . . One of my prior partners had a saying about how the real value of venture capitalists was we have the biggest portfolio of mistakes. I turn to people who've made mistakes ahead of me, usually in a similar situation. (P17, owner and venture capitalist)

> I have a problem. I need to figure out an answer. It's not regular, because we're more mindful of other people's schedules, but as soon as we need help, we'll reach out. That's pretty much the case. (P21, owner and business executive)

> If there's a question about the services we provide or the customers we serve, then I want to seek out somebody like yourself or one of our peers and our colleagues in the industry. I think it's a targeted thing. You're very well-rounded, I asked you a lot of questions about different topics. I know that you understand our industry, and that would be the context that I would be asking you about. But my lawyer, I'm going to be asking just a very targeted question about legal advice. (P7, owner and technology executive)

Both advisors and owners stressed the importance of hearing outside perspectives and being open to advice that was offered. That didn't mean that the owner needed to act on the advice; they just had to take it into consideration. A dialogue of disagreement over a given issue was just a healthy part of the process. One advisor put it best when they said that they should always consider advice: it's important that they be open to advice and then make a decision, and maybe that's not the decision they started with:

> I think it's really important. You can have a solid management team, but that outside perspective is just so important. It goes back to an object, moving with its momentum, that needs something to move it, to get to a different direction, to change where things are. It's like pure physics to me. (P10, advisor and technology executive)

> I think that it's so difficult to start a company that will become successful. If you make little mistakes along the way, cumulatively, they can very easily kill a business. So one of the things that I advise every first-time CEO is putting a terrific group of people around you that have been there and done that before, and listening to their

advice. Because if you make three or four or five stupid little mistakes, you're going to kill the company just out of stupidity. (P18, advisor and venture capitalist)

I think that's critically important for them not to always agree. I'm an advisor. I'm not running the company. I'm not the CEO. I'm not making the decisions. But if I can, over time, I'm making you ask different questions and letting you think about issues you might not have thought about, or even agreeing with your point of view. That's okay. Disagreements, okay. I have no problem. I'm not expecting everybody to follow all my points of view. I want to be clear: points of view. That's what I'm giving you. I'm giving you my point of view, my experience, my gray hair if you will. That's what's important: your ability to listen, not obey. Listen and process differences: "Gee, I like that, I'm going to keep it in mind." (P22, advisor and business executive)

It's not that I think the startup owners should always take your advice, or anybody's advice. What's important is that they have to be open to it and then make a decision that maybe is not always the decision they started off making. (P25, advisor and venture capitalist)

I know that entrepreneurs need to be people who are to some degree stubborn, and we'll fight through a lot of no's and people being pessimistic about what they want to do. But when you have someone that's basically already supporting you, who's trying to tell you something that they think is really important and here's why—again, they might not be right, but it's definitely worth really listening and trying to understand where they're coming from—then, if you disagree, coming up again, making a thoughtful argument as to why. Because I will make lots of suggestions. I'll have lots of ideas. They're not all good. If a CEO will say, yeah, I don't want to do that because this, this, and this . . . I'll say, oh, okay. (P25, advisor and venture capitalist)

It's important that you're open to listen. That doesn't mean you have to use them. I do get a lot of, I'll call it negative feedback from consultants and employees. "I don't want to change." "I don't like to listen that kind of stuff, but you said it." "My gut, I know what works for my company." "You're a consultant. You can come in for four hours and you're going to tell me how to run my company? You're an employee that doesn't understand the big picture." There's a lot of decisions you make in business that you can't really explain to people. It's just, you know, the big picture. If it works better for you today, that doesn't mean it's not going to affect ten people down the road. You have to be open to listen. (P13, owner and retail executive)

> The best advice I have to people is to talk with more people. Talk with other people from different perspectives. The more people we talk with, the clearer it is to us; you get a general consensus. This might be better for me to do. Maybe put it aside, this advice, and think about it some more before I take any action. So that's a better approach. (P21, owner and business executive)

> If you use the board correctly, it gives you other ways to think about it. You might keep the same thing, but you give the entrepreneur another way to think about it. (P24, owner and technology executive)

> The different point of view is very important. Because sometimes when you're there on the cutting edge, you don't want to be just tunnel-vision where you think, "I'm right in everything I do," because you're obviously not. So another pair of eyes and another pair of ears are always good—a good knowledge and good communication, to see if the end result's the same. So if they're thinking with the same lens as me, then I normally know that's a pretty good idea. If they think totally different from me, then we have a discussion and say, well, where am I thinking wrong and where are you thinking right? And then see who's got the best way forward. I'm not saying we'll get it right all the time. But the majority of the time, I like to think that we do get it good. (P28, owner and construction executive)

> I think an outside perspective is important, especially when it comes to big decisions. You can tend to live in a bubble when you're running a company and tend to only look at things through your own lens, and it's really important to get other people's input. Definitely. And we do that all the time. (P31, owner and business executive)

One advisor, who was first asked to advise business owners in his twenties, provided some insights into why he thinks owners have approached him for advice over the years:

> I wish I knew. I've been asking myself that question for 55 years. I'm not joking, because it started when I was twenty-four or -five. What do I know at twenty-four or -five? I think the reason people came to me in the beginning was I was an outsider. In the beginning, the people who came to me—I had already done an analysis of their business on my job. I did have one job in my life, and they wanted my opinion. Now why, I can't answer, but I would suggest outside being outside, I had no relationship with anybody around them. I think that's the reason. But it's a good question. (P22, advisor and business executive)

Both advisors and owners took the view that the benefits of outside perspectives far outweighed the risk of bad advice: it's important for the owner to evaluate both the advice and whether it's appropriate for the problem the business faces. At the end of the day, it's the owner's decision, and they have to weigh all the factors, do what they feel is best for the business, and accept the consequences of the decision:

> Well yes, I think it's critically important, and the advice might've actually been very good advice, but it's situational, and my situation may be slightly different, and it was lost in giving the advice. So I think it goes back to my whole response about benchmarking: It's a data end point that you ask yourself the question why. So he's given me this advice: Why, and why would it work for me? And do I go a little bit deeper? And I'm sure there are times when I've blindly taken advice. It's a couple of things. . . . One is relating to your gut. You know, based on my experiences, my knowledge, does this advice feel good? Second is asking the question. Why is this advice good? Who else would think so? How does my team—what do they think about this advice? Not that you've got to run a democracy, and there's plenty of times when they said "We don't like this" and I said, "Well, you had your opportunity to understand. I understand that you don't like it, but I believe that this is the right thing to do, and we're going to move forward." (P9, advisor and business executive)

> I think it is important to be open to advice. I'm always looking for a better way to do something or different options. Where I try to be cautious about advice that I give, where I've kind of chafed at some advice or considered some advice not as valuable, is where I don't feel like that the person giving the advice really has spent the time investing in our values. (P7, owner and technology executive)

> No, I think businesspeople have a good sense of that. You're always going to take bad advice, and you're going to make a lot of mistakes in business. Everybody does. I think you just have to do your homework. I think you have to hear opinions from a couple of different sources and then, at the end of the day, it's your business. You have to go with what your gut says to do, but read it again, do your research. I think if you do the proper research, you always find out proper answer. (P11, owner and retail executive).

> There's always a businessman who thinks he knows it all, and he has an idea on how you could do better and really not the right idea—that's up to you as a businessperson. You'd better figure it

> out. (P14, owner and retail executive)
>
> It’s not always about finding the correct answer. Sometimes bad people with bad experiences are just as good as people with great experiences because . . . they’re potholes and roadblocks that you want to avoid. (P5, owner and technology executive)

Owners described some additional benefits of seeking advice. For some, it was a relief to hear others were facing the same problems. For others, it was a way to share their pain and ease their burden:

> I would think that an added benefit in some ways, is that having this advice, good or bad, helps take some stress away, because you’ve got a different opinion or a reconfirming opinion that maybe you’re on the right path. (P15, owner and technology executive)
>
> Yes, sometimes it’s just good to hear that other people are having the same sort of problems that you’re having. (P14, owner and retail executive)
>
> I would extremely advise any startup or any founder to create an advisory board with people, not only people that tell you what you want to hear, but with people that are honest with you and tell you when you’re going in the wrong direction. Sometimes it’s better to have someone that’s very honest and tells you the truth than people who just say, oh, keep it going, keep doing that, but it’s not the right direction. (P16, owner and technology executive)
>
> I just want somebody to listen to my pain. I talk to my niece a lot. I mean, she’s the financial person. I can talk to her. She’s probably one that I can call. I can talk to her about anything. I just talk to her about—even if she doesn’t know the industry or something, she’ll listen. (P29, owner and manufacturing executive)

A number of advisors and owners associated with the private equity ecosystem described their thoughts and experiences about what happens when a business owner is not open to listening and considering others’ advice. What was clear from their many experiences is that it almost never ended well for the owner-manager:

> We made an investment in a young, first-time CEO. He was a PhD from MIT who had invented the technology and wanted to be the CEO. He fucked up like two or three things right in the row, right off the bat. I told him he was making a mistake, and then he went

and did it again. And then he went and did it again. So we stopped funding him, and the company is going through an asset sale right now. I've told him I'd like to have an exit interview so that he can learn about what his mistakes might've been. He's an extremely intelligent person, but he sucked as the CEO of this company. I suspect that he's going to want to be a CEO again. I want to make sure that he understands what he should be learning rather than blaming other people or circumstances for the demise of the company. (P18, advisor and venture capitalist)

A lot of investors want people to be sort of coachable . . . and I think that's right. They don't have to listen and try to do everything you say, but they need to be open. They need to process it. They need to take it into account: "Okay well, here's an intelligent person that I trust, who's telling me these things. Why are they telling me these things?" And kind of think it through. It'd be like, "Okay, I don't, I'm not going to take that advice, but here's why." That's fine. But if it's sort of like "Nah," it's just sort of like "No," then I'm just trying to run through walls. I don't care what you say, that rarely works long-term. (P25, advisor and venture capitalist)

Sometimes they may blame you for not giving them the right advice. That has happened too. In a few situations, we have given them advice. They don't listen to you, but they need somebody to blame. Then the relationship could go south because they don't remember that you told them. I told you so. So is it because people have a short timeframe? All they remember is what things happened to them. (P17, owner and venture capitalist)

Yeah. I've had quite a few situations where they seemed to think they were smarter than everyone else in the room. It ended with either me walking away or them saying, well, we won't continue the relationship. That's because they think they know it all, they know everything. There are very few situations where the founder knows everything. Maybe you're a serial founder, maybe you know 90%; maybe you're a first-time founder, maybe you know 30%. But I would say there's never a situation where you know everything, because there's always something around the curve. To me, the startup analogy is, you're driving around a curve all the time. It's a curvy, twisty road, and you don't know what's around the corner. If somebody is saying, oh, I looked around the corner and this is what I'm seeing, and you're not listening, then to me that's really bad, actually. (P17, owner and venture capitalist)

I had a partner who used to say, you don't have to listen to me as long as you're right. That's an extreme example. Ignore it, ignore it at your own peril. I think we always look to people who are incredibly confident in their own ability to execute, and they have

> to have their own vision, and we cannot help imparting a vision on them. But I find that the people who do best are the ones who constantly learn. They ask a thousand questions. Even if they have zero intent to follow the advice, they want to know the envelopes of all the possible opinions that they can get. (P17, owner and venture capitalist)

A number of advisors and owners described the importance of having meetings with no fixed agenda, over lunch or dinner or in a more relaxing environment than a traditional office:

> What I found is, if I get them out of the office, we can focus much better. We can have wide-ranging discussions because the phone doesn't ring. They don't have their minds on "I've got to do the next thing." We don't have timeframes. We have a start time. Michael, I've never set a fixed time allotment. That's really important, in my opinion. Now, I'm not talking about when there are others, a board. I'm talking about advice one-to-one. (P22, advisor and business executive)

> I had two meetings a year, always over food. . . . two meetings in the restaurant or a hotel, and two meetings we did offsite. So the meetings in the hotels were two or three hours, the meetings offsite were a weekend. You know, they all showed up with their spouses, and those were the best meetings because we sat around informally. More strategy came out of those meetings than the other ones. (P24, owner and technology executive)

> We play golf together, Michael, so we get on the golf course, we fly by our ideas. Sometimes he'll say to me, if something sounds too good to be true, genuinely it is. His advice is usually pretty good. Usually, I run things by him. (P28, owner and construction executive)

> Pre-covid, it was most commonly in person at their office, or sometimes you'd meet at a nearby coffee shop or for breakfast or dinner to talk. (P25, advisor and venture capitalist)

> We went over to somebody's house for a potluck, everybody brought something, and we're all chiropractors. Before everybody left, we all sat together and just shared stuff. "I'm buying my x-ray from these people," "I've got a phone system here," you know, and then we said, "Let's do this again." (P3, owner and healthcare executive)

> We met three times a year in different areas across the country. We

> met for four days, and we spent a lot of time talking on personal levels as well as business levels. A lot of the topics covered everything to do with your life and your business. (P11, owner and retail executive)

Throughout the interviews, the theme of trust kept emerging. Trust affected the quality of the information that was shared and the willingness of the recipient to use it. An interesting aspect of trust was that it was contagious. A high level of trust made the owner more confident that they were making the right decision and could execute it:

> Trust is extremely important. I will go all out for my clients. I'll go all out for my employees. It's that critical. I feel that when somebody can trust you no matter what, and you can trust them—you know, I'm not saying you're going to be successful. It can happen that you won't be. Things happen. But you'll do so with a smile. (P10, advisor and technology executive)

> I always complain because I'm the only one in the Vistage group where they're my customer. So if I'm sharing a big problem with them, I don't want to scare them off as my customer. So trust is . . . critically important there (P9, advisor and business executive)

> I think you trust them more if they're sharing more fully than if they're only sharing the good news. Because then you worry. There are very few companies that only have good news all the time. (P25, advisor and venture capitalist)

> Yeah, I think there's definitely trust there. You know, it's different. Because, you know, we don't share all of our detailed secrets and numbers necessarily, because the format doesn't allow time for that. But I trust their advice, and I think they trust my advice, and we root for each other. So it's trust, but it's two-hours-a-month trust. (P4, owner and technology executive)

> It bothered me at first, sharing financial information. The most private part of my business is my financial information, and it took me a little bit of, of trust to get over that. When you finally realize that everybody else is in the same boat, then you get more comfortable with it, and you start talking to your peers about how you're doing, how much money you're making, where you're losing money, where you could do better, et cetera. (P14, owner and retail executive)

> Well, if you're going to have a board member, to me, you have to trust them. I never asked anyone to sign a confidential. If somebody

asked me to sign a confidentiality agreement, I wouldn't sign it. We sit on too many boards. So you trust these people, and if you don't trust them, they shouldn't be your board members. So I'm completely open. And not only do you have to share the numbers, but you've also got to share your personal life for them, because they can't help you unless they know really what's happening in your life. (P24, owner and technology executive)

I will not violate my relationships with other board members by sharing things where they speak to me in a strict confidential manner. I will not share that type of conversation per se, but I will direct a different way to get them to understand, so that they can work with that particular board member better. (P1, advisor and venture capitalist)

Upmost importance in both ways. I think there needs to be some kind of trust or match between the company . . . and the organization which is asking for the advice or the opinion, and the fact that you can relate to their business or their goals. On the other hand, of course, they need to be convinced that you will have something interesting to contribute and to participate in those board meeting. (P2, advisor and technology executive)

We do an offsite retreat once a year. So there's a high level of knowledge we have of each other's businesses, personally, at a high level of trust. (P8, advisor and business executive)

A better way to sum it up is that I'm not going to trust somebody to give me advice until I feel like that. They kind of go into the old Stephen Covey thing until I feel like that they understand where I'm coming from. Your advice could be the best thing in the world. (P7, owner and technology executive)

Both. It's the people who you trusted . . . and who had the qualifications, been there, done that, and showing that they know what they're talking about. That gave me more than just trust and a layer of confidence. It gave me a blessing . . . that I have that confidence. I can do it. (P21, owner and business executive)

If you're going to hamstring this person by not telling him what's going on, then we're wasting our time and we're wasting their time. (P26, owner and technology executive)

Trust is extremely important. And there are very few people that we have in that bucket, where we really trust them enough to divulge a lot of things to them. There are layers of trust, or some people where you can get advice from them and it's a little bit superficial, but it's still information that you need. And when you get that information,

> you'll still do your own research on it. Then there are those that really have a high level of trust, that you really go to for the big things. (P31, owner and business executive)

One area of focus of this study, was whether the needs of owner-manager companies (OMCs), which are generally synonymous with small businesses, are different their public-company counterparts. In this study, approximately twenty-eight percent of the companies had a formal board of directors (see Table 28). Although the boards of directors of public companies and of OMCs share a fiduciary responsibility, due to the high concentration of ownership in many OMCs there can be stark differences in how they operate. Two owners illustrated this nicely in the interviews:

> I mean, it went like this when the other lawyer told me he didn't like the way I was running my board meetings. He said he sat on a lot of bank boards, and he said, we go through all the numbers. So he went through all of this, and I said to myself, I'm going to die if I do that, I'm going to die. And so I turned around and I had a stockholder meeting right there. I turned around and said, Alan, the stock had a vote. Thank you for your time. Your services are no longer needed. (P24, owner and technology executive)

> We were a very closely held company. The 70% owner, my partner, was the manager. It was an LLC. So there was a board, but they were his friends that met once a year at a Super Bowl party (P26, owner and technology executive)

> The board up until 24 months ago consisted of the owner, and he brought on a person with domain expertise whom he knew, who was the CEO of several hospitals in the area. He was the domain expert. Then I was brought on six months later to be an investor-venture type of representation on the board. (P18, advisor and venture capitalist)

Discussion

A significant component of this research was determining the impact entrepreneurial experience has on owner-manager company (OMC) performance in the early stage of growth. The quantitative study defined owner-manager company

performance using two elements: the annual growth rate of sales and the total number of full-time equivalents. During the interviews, we examined advice given and actions taken to explore how entrepreneurial experience impacted OMC performance.

Only advisors and owners associated with the private equity ecosystem took an active role in hiring decisions and processes for the companies they advised. They discussed how they helped identify the right time for a company to increase headcount, suggested the types of people to be added to the team, used their networks and resources to bring candidates into the hiring process, assisted in the vetting process, and made hiring recommendations.

Owners and advisors who were entrepreneurs were willing to share strategies they had developed over time in their hiring processes, including how they knew it was the right time to hire and the importance of being on the lookout for talent the business may need in the future. If the owner they advised was hiring and they knew of a potential candidate, they would refer the person, which was the most active step they reported taking. It was clear the decision to increase headcount was very personal and taken very seriously. A failed hire meant they had made a mistake and chosen the wrong person or had not trained them properly for success. The thought of having to lay someone off in the future weighed heavily on the entrepreneurs' minds. This resulted in caution in increasing employee headcount.

An important aspect of this study was its exploration of the importance of business model for an early-stage company, as compared to the emphasis placed on revenue attainment. Focus on business model over revenue attainment was almost exclusively associated with owners and advisors in the private equity ecosystem.

Private equity focused on investing in businesses capable of achieving venture returns and scaling very quickly. Their attention to the business model was driven by the desire to ensure an efficient use of the capital they provided, rather than potentially wasting a large amount of capital on businesses still attempting to figure everything out.

The luxury of focusing on the business model over getting revenue in the door was not possible for the typical early-stage owner-managed business in the study. These businesses were still fighting for survival. The strategy shared by many was straightforward: to take in any revenue possible while developing the business model along the way (drawing a line at revenue that was illegal or violated their beliefs). To these entrepreneurs, their businesses were extensions of themselves and their values and morals. A number of owners acknowledged that a product-making business might require more focus on the business model over revenue attainment in the early stage. Several owners shared that the knowledge and experience gained while taking in any and all revenue during the early stage helped them refine their long-term business models, once they became secure in the business's ability to survive and pay all its bills.

Another aim of this research was to determine the impact managerial experience had on owner-manager company performance in the early stage of growth. A core skill of any proficient manager is the ability to successfully delegate tasks. It came as no surprise to find that both the advisors and owners identified the ability to delegate as a skill critical to growing a business. One very seasoned venture capitalist interviewed revealed that an owner's delegation abilities are among the risk factors taken into consideration before investing, due to their direct impact on the capacity of the business to scale.

Both owners and advisors stressed the importance of systems and processes as foundational to a business's capacity to scale. As a business grows, systems and processes are critical to providing a consistent, high-quality product or service to the end customer. However, a number of advisors and owners noted that formal processes introduced too early in the life of a business actually negatively impact its ability to service customers. Yet, processes and systems adopted too late will also negatively impact performance, and determining the right balance is not easy. Respondents stressed the importance of instituting the best systems, but only to the extent the business can afford at the time. These interviews provided further support for the importance of managerial skills, systems, and processes in the early-stage company.

Another goal of this research was to explore the importance of industry knowledge for an owner-managed company, given that owner-managers already possess high domain expertise in their industries. A number of owners shared that many times, their advisors confirmed what they already knew about the industry, but that it had still been important to have them as a sounding board. The more complex the industry, and/or the more complex the business model, the greater the need for industry knowledge.

A surprising finding was that that approximately 28% of participants were members of an industry group or a professional peer group. Every advisor or owner who had participated in such a group found it a rewarding experience which improved their business's ability to compete. Respondents cited sharing of industry best practices and financial benchmarks as invaluable in aiding the members of industry groups in becoming more competitive. In professional peer groups, it was less common for

members to be from the same industry. A strong benefit of this type of peer group was the ability to discuss business's impact on personal life with other owners.

Approximately 28% of the companies represented in this study had a formal board of directors. This low figure was not surprising, given that most owner-managed companies are not legally required to have a board of directors. Approximately 19% had a board of advisors. These boards typically met regularly and followed a set format or agenda. The same held for the industry and professional peer groups. Both advisors and owners shared that having a regular cadence to the meetings encouraged the exchange of information, spurred a more open dialogue, and improved knowledge of the business among advisors and board members. Pre-COVID-19, these meetings were almost exclusively held face-to-face. The remaining 53% of companies had neither a board of directors nor an advisory board. Both advisors and owners reported that they sought out advisors who could help when situational needs arose.

Advisors and owners stressed that the biggest benefit of boards or ad-hoc meetings based on situational needs was the opportunity to hear outside perspectives. For the owner-manager to benefit, it was equally important to keep an open mind regarding the advice being offered. A key aspect of receiving advice was the owner's requirement to weigh all the factors, choose a course of action best for their business, and accept all consequences associated with the decision. A number of owners and advisors associated with the private equity ecosystem related that when an owner was not open to considering outside advice, it almost always ended badly for them.

An important finding of this study regards the role of trust and its impact on how advice was received and utilized. Professional peer groups recognized the importance of

trust, and took steps ranging from non-disclosure agreements to instituting processes and procedures around meetings and how information is shared, in order to help maintain a high level of trust in each group.

A practical implication of this qualitative study is that we now have a clearer understanding of how the early-stage entrepreneur makes decisions surrounding headcount, revenue, and business model. This study also afforded us insight into the impact of managerial and industry experience in an early-stage company.

CHAPTER 5

CONCLUSION

Review of Both Studies

The results of the quantitative and qualitative studies will now be reviewed and compared, thereby enriching the validity, reliability, corroboration, and understanding of the findings of each study (Johnson & Onwuegbuzie, 2004; Johnson, Onwuegbuzie, & Turner, 2007; Ferrer & Banderlipe, 2012; Bentahar & Cameron, 2015; Miles, Huberman, & Saldaña, 2020). Contradictions in the findings do not always entail faulty instrumentation or noncomparable data sets; discrepancies instead suggest that more analytical work and reflection are needed to resolve the inconsistencies and explain why the variation exists (Miles, Huberman, & Saldaña, 2020).

In comparing the roles in the original quantitative survey (see Table 3), consisting of 102 responses, to the qualitative study, consisting of 32 respondents, approximately 72% of the interviews in the qualitative study owner-managers (see Table 30), compared to approximately 70% owner-managers in the quantitative survey. The ratio of owners to advisors is approximately the same in both studies.

Table 30.

Comparison of Qualitative and Quantitative Studies by Role

Role	Qualitative Study		Quantitative Study	
	Frequency	Percentage	Frequency	Percentage
Advisor	9	28.13%	31	30.39%
Owner	23	71.88%	71	69.61%
Total	32	100%	102	100%

In comparing the countries of origin for the survey participants in the quantitative study (see Table 4) to the country of origin for the interview respondents in the qualitative study, approximately 84% of the respondents in the quantitative study were from the United States (see Table 31), compared to approximately 87% in the United States for the survey participants. The ratio of U.S.-based participation in the two studies is approximately the same.

Table 31.

Qualitative and Quantitative Studies by Country

Country	Qualitative Study		Quantitative Study	
	Frequency	Percentage	Frequency	Percentage
Belgium	1	3.13%	3	2.94%
Botswana	1	3.13%		
Canada	1	3.13%	1	0.98%
Cyprus			1	0.98%
India			2	1.96%
Israel			1	0.98%
Singapore	1	3.13%	1	0.98%
Uganda			1	0.98%
Ukraine			1	0.98%
United Kingdom	1	3.13%	2	1.96%
United States	27	84.38%	89	87.25%
Total	32	100%	102	100%

In comparing the company's self-reported stage of growth in the quantitative survey (see Table 5) to the qualitative study, approximately 37% of the interview respondents were in the growth stage (see Table 32), as compared to approximately 60% self-reporting being in the growth stage in the qualitative study. In both studies, the largest share of participation was from companies in the growth stage.

The qualitative study was relatively evenly distributed across all three stages of growth, whereas the quantitative study had a heavy concentration of companies in the

growth stage (approximately 60%).

Table 32.

Qualitative and Quantitative Studies by Stage of Growth

Stage	Qualitative Study		Quantitative Study	
	Frequency	Percentage	Frequency	Percentage
Early	9	30.00%	25	24.51%
Growth	11	36.67%	61	59.80%
Mature	10	33.33%	16	15.59%
Total	30*	100%	102	100%

*Unable to determine stage of growth in two interviews

In comparing the self-selected industry group in the quantitative survey to the industry group in the qualitative study (see Table 33), the largest group in both studies was professional, scientific, and technical. This group comprised approximately 30% of the total in the qualitative study and 28% in the quantitative study.

In the quantitative study, the second largest industry group was “information”, and the third largest industry group was “other”. In total, these represented approximately 68% of all industries in the study.

In comparison, for the qualitative survey, second place was shared between the “information” and “retail trade” industry groups at approximately 17% each. Combined, the three largest industry groups in the qualitative study represented approximately 63% of all companies involved in the study.

Overall, the similar distribution of industries in both studies is surprising given that the majority of the qualitative study respondents were obtained through snowball sampling, while the quantitative survey participants were obtained through blind solicitations on LinkedIn based on searches for specific titles.

Table 33.

Qualitative and Quantitative Studies by Industry

Industry	Qualitative Study		Quantitative Study	
	Frequency	Percentage	Frequency	Percentage
Accommodation and Food Services			1	0.98%
Agriculture, Forestry, Fishing and Hunting			1	0.98%
Arts, Entertainment, and Recreation	1	3.33%		
Construction	1	3.33%	4	3.92%
Educational Services	1	3.33%	1	0.98%
Finance and Insurance	3	10.00%	2	1.96%
Health Care and Social Assistance	2	6.67%	7	6.86%
Information	5	16.67%	26	25.49%
Manufacturing	2	6.67%	2	1.96%
Other			14	13.73%
Other Services (except Public Administer)			5	4.90%
Professional, Scientific, and Technical	9	30.00%	29	28.43%
Retail Trade	5	16.67%	5	4.90%
Transportation and Warehousing	1	3.33%	2	1.96%
Wholesale Trade			3	2.94%
Total		100%		100%

The datasets from the two studies dove tail very nicely with each other further strengthening the final conclusions of this mixed-method study.

Conclusions

Table 34 summarizes the findings and the conclusions based on a review of the data from the two studies. The importance of industry knowledge is cited frequently in the literature (Forbes & Milliken, 1999; Hillman et al., 2000; Payne et al., 2009; Johnson et al., 2013; Dass et al., 2014; Veltrop et al., 2017; Drobetz et al., 2018; Faleye et al.,

2018). But most of this literature is about the boards of large companies and does not focus on the needs of OMCs.

Table 34.

Findings Summary

Knowledge/experience	Quantitative	Qualitative
Industry knowledge	Positive relationship in stage III to revenue growth percentage	Corroborates all stages
Managerial experience	Positive relationship in stage I to FTE growth Positive relationship in stage I to revenue growth percentage	Corroborates stage I Corroborates stage I
Entrepreneurial experience	Negative relationship in stage I to FTE growth Negative relationship in stage I to revenue growth percentage	Corroborates stage I Contradicts study 1

The general consensus in the qualitative study, from owners and advisors across industry types, was that industry knowledge is quite helpful, further corroborating its importance. This is in line with the existing literature, which reports that industry knowledge is one of the most sought-after qualifications in board members for large companies.

An owner-manager would find great value in an advisor with industry knowledge, no matter the current stage of their business. The more complicated the business, the more crucial advisors with industry knowledge are. In complex or heavily regulated industries, advisors without domain expertise will have difficulty providing useful advice or even understanding the context of many questions. Industry knowledge comes into play when an advisor provides a point of view the owner-manager had not considered, or even just confirms the prudence of an action the owner-manager was contemplating.

An owner-manager would be well advised to join an industry specific-group if one is available. Such groups are invaluable sources of the industry's best practices and benchmarks, information that can only be obtained when one already has deep domain expertise, which further emphasizes the importance of industry knowledge for the owner-manager at all stages. As a practicing owner-manager, I have found the ability to discuss industry benchmarks, compensation models, and even which sales-automation tool to acquire invaluable to making my business competitive.

The importance of managerial experience in a company's early stages was strongly supported in both studies. An owner-manager would find great value in obtaining an advisor with managerial experience as soon as possible.

An important lesson for owner-managers is that growing a business requires learning how to delegate tasks. Both advisors and owners in the qualitative study identified delegation as a critical skill to growing a business. And as a business grows more substantial and complex, it also requires systems and processes to support it. Both advisors and owners consistently cited the importance of this. Delegation, systems, and processes are all vital to delivering consistent, high-quality products and services at scale. Without them, a business risks will be unable to grow and may face other negative consequences for itself and its customers. However, too many processes and systems can get in the way of flexibility. Systems and processes adopted too late will also hurt performance, and finding a balance is not easy. Advisors with managerial experience can be crucial to helping owner-managers understand when to delegate responsibility and when to create supporting processes or invest in infrastructure. As an owner-manager, I found advisors with managerial experience crucial to helping me balance systems and

processes and understand when to delegate, and more importantly how to do so effectively.

Owner-managers are well advised to institute the best systems possible, but only to the extent the business can afford at the time. The early stage is about survival, and it's important to live within the business's means and not write checks it cannot afford. If the owner over-invests in infrastructure, it could put the business at risk. In my experience as an owner-manager, the early stage is about building for the present; it's better to invest in a small office space and outgrow it than to buy a bigger one and never grow into it. While this approach causes some growing pains, it also protects the business if growth never happens.

One measure of OMC performance in this study was FTE growth percentage. Headcount or company size has frequently been considered an essential attribute of small and medium-sized businesses and used as an indicator of a company's performance (Daily & Dollinger, 1992; Fiegener et al., 2000; Davidsson et al., 2002; Van Den Heuvel et al., 2006; Voordeckers et al., 2007; Zahra et al., 2007; Machold et al., 2011; Lappalainen & Niskanen, 2012). For purposes of this study, however, this was a misleading indicator of the impact of entrepreneurial experience, as the results implied that it was not a positive influence on early-stage company performance.

It's important for the owner-manager to understand the importance of parsimony and to act in a financially prudent manner to ensure the business survives. Recognizing the danger of overextending a company's resources will naturally make the owner-manager slow to hire.

The owner-manager also needs to recognize the possibility of having to lay someone off. Hiring decisions are very personal, and they are likely to internalize them. A failed hire means the owner-manager made a mistake, either choosing the wrong person or not training them properly. The decision to hire, and when, is a burden they cannot share with advisors. A common strategy owner-managers described for deciding when to hire is to first use consultants and wait until you're keeping them busy month after month, and it doesn't look like it will slow down.

My experience as an owner-manager supports this finding. Hiring in an early-stage company is a personal decision that rests entirely on the shoulders of the entrepreneur, and when it goes wrong, they take it personally. The people around you are like family; in the early stage, you spend more time with them than with your family. When you lay someone off, it's like letting a family member go.

The business strategy for an OMC in the early stage is straightforward: take in all possible revenue (legally and consistently with one's beliefs) while developing the business model. The company is fighting for survival and does not have the luxury to do anything else. But as it gathers revenue, there is a natural learning curve that will help owner-managers refine the business and its strategy over time.

I was the owner-manager of a business in which I focused on the business model over revenue in the early stage. I had sold a previous business and had deep enough pockets to fund the company's loss as we figured things out. But as my funds started to dry up, I realized that if we didn't focus on maximizing revenue, we wouldn't survive. As soon as I shifted strategy, the company saw a huge pickup in revenue. An added benefit was from each of our engagements, we quickly learned what was good business and what

was a bad one. The lesson I learned is that in the early stage, it’s critical to take any and all revenue and to evolve.

An important lesson of this study for owner-managers is that they should surround themselves with advisors even before the inception of the business. Regular meetings with advisors will encourage the exchange of information, increase the advisors’ understanding of the business, and spur more open dialogue. It’s also advantageous to sometimes meet advisors in more social settings, like over coffee or lunch, with no agenda. And when seeking advice, it’s important to fully disclose both positive and negative information. Otherwise, you are wasting everyone’s time. It’s equally important to listen to all advice with an open mind. A final benefit of advice is that it’s a way for owner-managers to share their pain and ease their burdens.

When receiving advice, it’s important for the owner-manager to weigh all the factors, choose the best course of action for their business, and accept the consequences. When owner-managers are not open to advice or will not own the consequences, it almost never ends well.

In my experience, when someone agreed to join my panel of advisors it was because they saw something of value in me as the owner-manager. In the early stage, I didn’t have enough money to pay them for their work, and I made no promises of stock or other forms of payment, and that never prevented people from joining my inner circle. Regular meetings improved my advisors’ ability to provide relevant advice. Some of the best advice I received was in social settings, such as dinner or coffee. And on numerous occasions, openness to advice helped me find solutions to the problems the business was facing.

Owner-managers of early-stage companies should seek advisors with entrepreneurial experience who have boot-strapped companies. Entrepreneurial experience is also especially important for a mature company. An entrepreneur creates an organization to pursue a perceived opportunity. They have experience that is not in books and can only be learned in the trenches, as you are growing a business. They understand what it means to grow a company with limited resources, and this qualifies them to advise early-stage companies. Entrepreneurs are adept at thinking strategically and creatively to obtain the resources a business needs. They understand the need to take all possibly revenue and figure out the busines model over time.

As an owner-manager, it was from my advisors who were entrepreneurs that I first learned the importance of cash, and that revenue is not cash. Those advisors encouraged me to take any and all revenue in the early stage. They instilled in me the importance of always looking for talent, so that when the time came to hire, I already had a few candidates identified. When someone left the organization, I could also find a qualified replacement quickly.

As an owner-manager, if you do not have a network that lets you build a suitable panel of advisors, you should consider joining a professional peer group, looking for outreach programs at a local college or university, or contacting a regional small business association to see what resources are available.

The commonality of problems faced by OMCs at each stage explain why certain kinds of knowledge and experience have more impact on OMC performance. This study showed that in the early stage, advisors with entrepreneurial and managerial experience improve a company's overall performance and chances of survival.

A future study should explore the impact of entrepreneurial experience and managerial experience on the growth stage in more detail. Using the commonality of problems businesses face in the growth stage, resource dependency theory, and the existing literature, researchers should try to identify the core knowledge and experience that are most helpful to OMCs in this stage.

The quantitative study measured the impact of industry knowledge, financial knowledge, managerial experience, and entrepreneurial experience in the mature stage. The negative relationship of managerial experience to both measures of OMC performance from the first study was surprising. The impact of this knowledge and experience on the maturity stage should be explored further with a qualitative study.

An important finding in this study was the role of trust and its impact on how advice was received and utilized. A future study should explore the role of trust and its impact on owner-manager companies' performance.

This mixed method study provides evidence supporting the important role a panel of advisors plays for an owner-managed company and their ability to improve OMC performance and improve a company chances of survival. The existing literature suggested that boards can play a more critical role in small businesses than in large corporations (Castaldi & Wortman, 1984; Forbes & Milliken,1999; Johannisson & Huse, 2000; Van Den Heuvel et al., 2006; Gabrielsson, 2007; Voordeckers et al., 2007; Kor & Misangyi, 2008). Yet more than half the OMCs in this study had no board or formal panel of advisors (see Table 29). A future study should investigate the barriers to OMCs establishing panels of advisors.

Contribution to Literature

The unique needs of owner-managed companies (OMCs) have not been studied sufficiently. This mixed-method study adds to the body of existing knowledge in a number of ways.

Although many are not legally required to have boards of directors, some OMCs do establish advisory boards or informal panels of advisors. These are not new, but little academic work has been published on them (Morkel & Posner, 2002; Blumentritt, 2006; Akers & Giacomino, 2011).

This research adds to the body of knowledge on the differences between owner-managed companies' boards of directors as compared to boards of directors for public corporations. It enhances existing knowledge of advisory boards and of the situational needs served by ad hoc advisors. Although many owner-managed companies have not formed advisory boards or boards of directors, some fill this void through industry groups or professional peer groups. This research contributes to the body of knowledge on the role that these industry groups and peer groups play in the owner-managed company.

It has been put forward in the literature that a well-composed board can provide knowledge, experience, and resources necessary to improve a company's chances of survival (Pearce & Zahra, 1992; Hillman & Dalziel, 2003; Van Gils, 2005; Blumentritt, 2006; Van Den Heuvel et al., 2006; Payne et al., 2009; Lappalainen & Niskanen, 2012). Several researchers have suggested that boards can play a more critical role in small businesses than in large corporations (Castaldi & Wortman, 1984; Forbes & Milliken, 1999; Johannisson & Huse, 2000; Van Den Heuvel et al., 2006; Gabrielsson, 2007; Voordeckers et al., 2007; Kor & Misangyi, 2008). However, there are few references in

the literature to such knowledge and experience, and little research to support these suggestions. Furthermore, none of the identified publications looked at boards in terms of the needs of OMCs (Forbes & Milliken, 1999; Hillman et al., 2000; Fich, 2005; Payne et al., 2009; Johnson et al., 2013; Faleye et al., 2018).

This study adds to the body of knowledge on the critical role that boards can play for small companies, and on the specific knowledge and experience that a board for an early-stage owner-managed company should possess to positively impact performance and improve the business's chance of survival. This study enhances our understanding of what knowledge and experience a panel of advisors should possess to positively impact performance in the maturity stage of an owner-managed company.

Application for Practice

This mixed-method study provides evidence of the importance for an owner-manager of calling upon outside advisors, even during the pre-inception stage of the business. For those businesses that have a board of directors or a panel of advisors, a regular cadence to their meetings will encourage exchange of information, spur a more open dialogue, and improve the advisors' overall knowledge of the business.

Those owner-managers not possessing a network that would enable them to assemble a suitable panel of advisors should consider, at minimum, joining a professional peer group. Joining any industry groups of which the owner-manager is aware will be of great benefit. There is enormous value to be found in participating in an industry-specific group where benchmarks and best practices can be shared.

This research highlights the importance for owner-managers of hearing outside perspectives and being open to advice. That does not mean that the owner needs to act on

the advice; merely that they should take it into consideration. When asking for advice, it is important that the owner-manager provide the advisors with full disclosure of both positive and negative facts. Otherwise, the time of both parties is wasted.

All advice should be evaluated to determine its appropriateness for the challenge at hand and the business itself. At the end of the day, the owner is the one who makes the decision. They must weigh all of the relevant factors, do what, in their estimation, is best for the business, and then must accept the decision's consequences. There are additional benefits to seeking advice. For many owner-managers, it is a relief to hear that others are facing the same problems. For others, it is a way to share their pain and ease their burdens.

Owners who aim to grow their businesses need to learn to delegate. Learning to delegate, along with developing processes and systems, is foundational and necessary to enable a business to scale.

An important aspect revealed by this study regarding this principle of taking any and all revenue in the early stage is that the associated learning curve helps businesses be more successful. Ascending the curve helped the owner-managers who participated in this research understand the difference between bad and good business opportunities and create sustainable business models that provided real value to customers and, more importantly, addressed customers' pain points. Focusing on getting the business model correct is a luxury that most owner-managers do not have, unless they have very deep pockets or are venture-backed.

This study has identified specific means of accessing knowledge and experience which enhance OMC performance. The information in this study can be used by owner-

managers to assemble teams of advisors to improve their companies' outcomes.

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APPENDIX A

SURVEY QUESTIONS

Which of the following best describes your role in or connection to the company?

- I am an owner who is active in the day-to-day operations of the business, and I have a board of advisors or a board of directors.
- I am an owner who is active in the day-to-day operations of the business, and I have one of more informal advisors I consult.
- I am a member of the board of directors, and the owner is active in the day-to-day operations of the business.
- I am a member of a board of advisors (advisory group), and the owner is active in the day-to-day operations of the business.
- I am an informal advisor, and the owner is active in the day-to-day operations of the business
- None of the above
-

  What type of company is it?

How many full-time equivalents (FTEs) does the company have in total, including contractors or 1099s?

In what the country is the company headquarters located?

What year was the company started? (Format YYYY)

Which of the following industries most closely matches the company's industry?

Choose the stage that is the closest fit to (best describes) the company.

Please answer the following questions about the company's informal advisors, board of advisors, or board of directors.

- Give the total number of informal advisors and board of directors and advisory board members.
- Give the total number of board of directors or advisory board meetings and informal advisor meetings in the past 12 months.
- How much time in hours is devoted to preparing for and attending a typical meeting?

For the advisors and directors mentioned in the previous question, please answer the following questions. (Enter 0 if none.)

- How many advisors or board members are familiar with the company's industry

and its significant trends or key players?
- How many are retired executives from a similar industry or company.
- How many are comfortable interpreting the company's financial reports (P&L, balance sheets, cash flow, budgets)?
- How many have experience raising capital or obtaining business loans?

Of the advisors and directors, you identified above, how many have experience in the following areas? (Enter 0 if none.)
- Have held a senior management position at a large company (one with more than 500 full-time-equivalents [FTEs]).
- Have held a senior management position at a small company (one with fewer than 500 FTEs).
- Have started a business or been part of a startup.
- Have been part of a public or private company's effort to exploit a new business opportunity.

Do board of directors or advisory board members receive any form of compensation (stock, options, money) from the company?

Is the company's growth rate substantially higher than those of similar companies in the industry, in the following areas?

By what approximate percentage has the company's overall revenue increased or decreased in the last 12 months (e.g., –3%, 5%)?

Including contractors and 1099s, how many FTEs did the company have on December 31, 2019? (A company with 2 twenty-hour contractors and 4 forty-hour employees would have 5 FTEs.)

Including contractors and 1099s, how many FTEs do you expect the company to have on December 31, 2020?

Is the company currently profitable?

What is the annual revenue size of the company in U.S. dollars?

APPENDIX B

INTERVIEW QUESTIONS OWNER PERSPECTIVE

1. For purposes of cataloging this interview: What is your name?

2. Are you a business owner, an advisor to a business, or a combination of the two?

3. Can you please describe what the business does?

4. Approximately how long has the business been in operation?

5. Owner: As a business owner, when you need advice, who do you go to most often?

6. Was there something in their background that made you choose them?

7. What kind of advice where you looking for?

8. What was the most helpful advice you ever received and why?

9. What was the worse piece of advice you ever received and why?

10. Besides providing advice or council, where there any other ways this person helped you and your business be more successful?

11. Is there anything you would like to share with me that I did not ask you?

12. If you know of anyone that is an advisor or owner of the business who might be willing to be interviewed, I would appreciate your making a quick introduction or providing me with their email address.

APPENDIX C

PROBES OWNER PERSPECTIVE

Probe: If needed, prompt with: your spouse, your father in-law/mother -in-law, best friend, bookkeeper, college professor?

Probe Entrepreneur experience/Business Owner:

- When you were thinking about adding FTEs to the business, what kind of advice would they give you? Examples?
- What kind of advice would they offer you concerning your business model?
- What sort of advice do you remember them being most passionate about?
- Based on their background, would they be more useful in the early stage, growth Stage of Maturity stage of a company? and why?
- Based upon your experience would you advise someone who was looking for advisor to their business to seek out candidates who were business owners, previous business owners or had experience starting a business?

Probe Managerial experience:

- What sort of advice would they offer concerning establishing and documenting processes?
- What sort of advice would they offer concerning implementing systems?
- What sort of advice would they offer in dealing with people issues?
- What sort of advice do you remember them being most passionate about?
- Based on their background, would they be more useful in the early stage, growth Stage of Maturity stage of a company? and why?
- Would you advise someone who was looking for advisor to their business to see out candidates with strong managerial experience?

Probe Industry knowledge/Retired Executive:

- Did their advice confirm what you already knew about the industry, of open your eyes to other possibilities you had not thought of?
- What sort of advice do you remember them being most passionate about?
- Based on their background, would they be more useful in the early stage, growth Stage of Maturity stage of a company? and why?
- Would you advise someone who was looking for advisor to their business to see out candidates with strong industry experience?

Probe as needed: tell me more about how this advice impacted your company.

Probe as needed: tell me more about how this advice impacted your company.

APPENDIX D

INTERVIEW QUESTIONS ADVISOR PERSPECTIVE

1. For purposes of cataloging this interview: What is your name?

2. Are you a business owner, an advisor to a business, or a combination of the two?

3. Can you please describe what the business does?

4. Approximately how long has the business been in operation?

5A. Advisor: Please tell me about your background

6A. Why do you think the business owner reached out to you for advice?

7A. What sort of advice did the owner seek from you?

8A. What is the most important/useful advice you ever offered to the owner and why?

9A. What was the worse piece of advice you ever offered? Why?

10A. Where their other ways you were able to offer assistance to the business beyond advice?

11A. Is there anything you would like to share with me that I did not ask you?

12. If you know of anyone that is an advisor or owner of the business who might be willing to be interviewed, I would appreciate your making a quick introduction or providing me with their email address.

APPENDIX E

PROBES ADVISOR PERSPECTIVE

Probe Entrepreneur experience/Business Owner:

- When the owner was thinking about adding FTEs to the business, what kind of advice would you give them? What concerns would you have?
- What kind of advice would you offer them concerning the business model?
- What kind of advice would you offer concerning sales?
- How would you tell an owner to balance the needs for sales with perfecting the business model?
- What sort of advice are you most passionate about?
- At what stage do you feel your background is most impactful for the business, early stage, growth or Maturity stage? and why?

Probe Managerial experience:

- What sort of advice would you offer concerning establishing and documenting processes?
- What sort of advice would you offer concerning acquiring/implementing systems?
- What sort of advice would you offer in dealing with people issues?
- What sort of advice do you remember them being most passionate about?
- Based on your background, at what stage do you feel your background is most impactful to the business? early stage, growth Stage, or Maturity stage? why?

Probe Industry knowledge/Retired Executive:

- How do you feel your knowledge of the industry was most impactful to the business?
- What advice did you give, that you felt was most impactful to to the business? Why
- Based on your background, do you feel your advice would be more impactful in the early stage, growth Stage or Maturity stage? why?

Probe if needed: How did this advice impact the company.

APPENDIX F

IRB APPROVAL

Research Integrity & Compliance
Student Faculty Center
3340 N. Broad Street, Suite 304
Philadelphia PA 19140

Institutional Review Board
Phone: (215) 707-3390
Fax: (215) 707-9100
e-mail: irb@temple.edu

Approval for a Project Involving Human Subjects Research that Does Not Require Continuing Review

Date: 14-Sep-2020

Protocol Number:	27438
PI:	SCHMIDT, STUART
Review Type:	EXEMPT
Approved On:	14-Sep-2020
Committee:	A1
School/College:	BUSINESS SCHOOL (1500)
Department:	BUSINESS:RESEARCH OFFICE (15230)
Sponsor:	NO EXTERNAL SPONSOR
Project Title:	The Impact of Advisors' Knowledge and Experience on Owner-Manager Companies

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The IRB approved the protocol 27438.

The study was approved under Exempt or Expedited review. The IRB determined that the research **does not require a continuing review**, consequently there is not an IRB approval period.

If applicable to your study, you can access your IRB-approved, stamped consent document or consent script through ERA. Open the Attachments tab and open the stamped documents by clicking the Latest link next to each document. The stamped documents are labeled as such. **Copies of the IRB approved stamped consent document or consent script must be used in obtaining consent.**

Note that all applicable Institutional approvals must also be secured before study implementation. These approvals include, but are not limited to, Medical Radiation Committee ("MRC"); Radiation Safety Committee ("RSC"); Institutional Biosafety Committee ("IBC"); and Temple University Survey Coordinating Committee ("TUSCC"). Please visit these Committees' websites for further information.

Finally, in conducting this research, you are obligated to submit the following:

- **Amendment requests - All changes to the research must be reviewed and approved by the IRB.** Changes requiring approval include, but are not limited to, changes in the design or focus of the research project, revisions to the information sheet for participants, addition of new measures or instruments, increasing the subject number, and changes to the research funding. Changes made to eliminate apparent immediate hazards to subjects and implemented prior to IRB approval must be promptly reported to the IRB.
- **Reportable New Information -** using the Reportable New Information e-form, report new information items such as those described in HRP - 071 Policy - Prompt Reporting Requirements to the IRB **within 5 days**.