

**A MODEL OF ENTREPRENEURIAL PLANNING
AND ITS EFFECT ON PERFORMANCE**

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ABSTRACT

Utilizing a literature foundation, we developed a model of entrepreneurial planning and performance which employs an individual's expression of entrepreneurship to explain a varying level of planning intensity and financial performance. Employing a sample of 456 owners of small businesses, we tested and validated that model. Our results support the position that the greater the level of planning intensity, the greater the level of financial performance, as the classic perspective of strategic planning suggests. However, the outcome of the research is less important than the implications of the research approach. Specifically, this study referenced the entrepreneur as the unit of analysis, and it incorporated an expectation of behavioral differences in order to avoid distortion of the empirical findings.

LITERATURE REVIEW

The advent of strategic planning is generally traced to the mid 1960s (Mintzberg, 1994), but the process rapidly rose to become the best recognized vehicle for driving organizational performance. At least, everyone but Mintzberg (1994) seemed to think so: he avows that planning has “*failed everywhere and everywhen*” it has been implemented. A number of empirical efforts to prove the value of planning produced inconsistent findings (c.f., Armstrong, 1982; Robinson & Pearce, 1983; Kelley & Young, 1983; Schrader, Taylor & Dalton, 1984; Robinson, Pearce, Vozikis & Mescon, 1984; Fry & Stoner, 1985; Shuman & Seegar, 1986; Pearce, Freeman & Robinson, 1987; Carland & Carland, 1989; Mintzberg, 1991; Boyd, 1991; Schwenk & Schrader, 1993; Miller & Cardinal, 1994; Ketchen, Thomas & McDaniel, 1996; Brews & Hunt, 1999).

A number of literature reviews also produced mixed results with researchers decrying methodological artifacts (Hofer, 1976; Armstrong, 1982; Schrader, Taylor & Dalton, 1984; Robinson & Pearce, 1984; Pearce, Freeman & Robinson, 1987; Boyd, 1991; Schwenk & Shradler, 1993; Miller & Cardinal, 1994; Ketchen, Thomas & McDaniel, 1996; Brews & Hunt, 1999). One significant work, Miller and Cardinal (1994), seemed to put the issue to rest: they conclude, “Planning was found to be strongly and positively related to growth in studies in which industry effects were controlled, an informant source of performance data was used, planning was defined as not requiring written documentation and the quality of the assessment strategy was high” (Miller & Cardinal, 1994, 1660). Despite this finding, there remains a serious issue involving the potential bias of an informant data source.

Even if one accepts the Miller and Cardinal (1994) position, the link between planning and

performance in small firms is far more tenuous (Boyd, 1991; Schwenk & Shrader, 1993), and many of these small firms are reported to perform no planning at all (Robinson & Pearce, 1984; Carland & Carland, 1989). The issue is surrounded with even more vagaries as Schwenk and Schrader (1993) examined more than one hundred articles for evidence of the strategic planning-performance link in entrepreneurial firms and concluded that only fourteen studies possessed the necessary methodological rigor to be utilized in a meta-analysis.

Some researchers suggest that an entrepreneurial tendency not to plan might be related to scarcity of resources and a preoccupation with daily operational issues (Robinson & Pearce, 1984). Others have noted that entrepreneurial planning effects can be mitigated by environmental turbulence and lack of managerial expertise (Schwenk & Schrader, 1993). Clearly, entrepreneurial ventures do have a potential for meteoric success and failure, and that aspect complicates planning. Richard D'Aveni (1994) notes that Goliaths are brought down by Davids. We must recognize the validity of his observation, but add that Davids slay each other far more frequently than they hurl their stones at giants.

In our view, the issue of an entrepreneurial planning-performance link is poorly understood because of the vast variation in entrepreneurial expression and in entrepreneurial strategy when contrasted against the classic concepts of strategy and strategic planning. Consider that Miller and Cardinal (1994) identify the two major purposes of strategic planning as the promotion of adaptive thinking (Ansoff, 1991; Armstrong, 1982; Grinyer, Al-Bazzaz & Yasai-Ardekani, 1986) and the support of managerial integration and control (Grinyer et al. 1986; Vancil & Lorange, 1975). The classic perspective of strategy is as the vehicle for providing organizational direction in navigating the environment. Strategy is supposed to produce a harmonious co-alignment between the firm and its operating environment (Venkatraman, 1989; Venkatraman & Prescott, 1990).

In fact, strategic planning may be the only viable approach to control in a large organization. We know that the larger the firm, the greater the need for coordination and elaborated control systems, and the more likely it is that organizational structure becomes formalized (Blau, 1970; Khandwalla, 1977; Lal, 1991; Kimberly, 1976; Strang, 1987). Structure should be determined by strategy in theory, but in fact structure affects strategy (Chandler, 1932; Boschken, 1990; Keats & Hitt, 1988). Researchers have recognized that organization size reduces the propensity for, and the speed of, strategic change (Fombrun & Ginsberg, 1990; Grimm, Corsi & Smith, 1993; Tushman & Romanelli, 1985; Ginsberg & Buccholtz, 1990; Smith, Grimm, Gannon & Chen, 1991).

The case in an entrepreneurial firm is quite different. A reading of the literature on strategic planning clearly discloses a bias toward the large firm. The efforts of researchers seem to have been directed at evolving increasingly sophisticated models of the "strengths-weaknesses-opportunities-threats," SWOT, framework (Barney, 1995). The most basic, fundamental axiom of the SWOT approach is an overarching assumption that the competitive landscape is comprehensible and predictable. If that has ever been true, it is certainly not the case today, and it clearly is not the case in entrepreneurial venues. Some researchers have identified a recent change in the perspective (c.f., D'Aveni, 1994; Hitt, Keats & DeMarie, 1998), as a result of turbulent industries with intensive competitive rivalry (Hitt et al., 1998; Gordon, Stewart, Sweo

& Luker, 2000). But entrepreneurship researchers have always known that turbulence and rivalry are sparked by entrepreneurial entry into an industry. In fact, Schumpeter predicted these very conditions in 1934 in his propositions concerning entrepreneurship as the genesis of “creative destruction” (Schumpeter, 1934). Clearly, strategic planning in an entrepreneurial venture is quite different from the classic approach.

THE NATURE OF ENTREPRENEURIAL STRATEGY

We all know that entrepreneurial firms tend to be more opportunistic and flexible in competitive maneuvering. Researchers have noted that such firms explore a wide variety of alternative activities and modes of operation, and discover new purposes and technologies (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Miller & Friesen, 1980; Miller, Lant, Milliken & Korn, 1996; Mintzberg, 1973). Change is not fear inducing in entrepreneurial ventures. Entrepreneurs embrace change as simply a discontinuous response mandated by sensitivity to competition and a proactive posture aimed at enhancing the firm’s position in the marketplace (Dodge, Fullerton & Robbins, 1994). In at least one view, strategy in entrepreneurial firms tends to be more emergent than deliberate (Mintzberg, 1990).

Entrepreneurship is about vision. In at least one view, the essence of entrepreneurship is *the ability to see what is not there* coupled with *the drive to translate that vision into reality* (Carland, Carland & Stewart, 1996). In the Schumpeterian tradition, entrepreneurship is about creating a new order (Schumpeter, 1934). On the other hand, traditional strategic planning is about gaining competitive advantage (Porter, 1980). Classic strategic planning is a theoretical process which takes place in a paradigm which is known and understood by planners. The only unknown is the outcome of decisions. In practice, these seem to translate into a situation in which planners monitor the moves of close competitors and try to make incremental adjustments (Romanelli & Tushman, 1994). On the other hand, entrepreneurship is about establishing new paradigms: paradigms which are unknown or poorly understood by anyone, including the originating entrepreneur. In these new paradigms, there are information voids as well as problems in deciphering information that is available. More importantly, these new paradigms *redefine* competition, and they redefine it in ways that can render existing resource transformation relationships, decision making criteria, and strategies obsolete.

In our view, strategic planning in an entrepreneurial venture is frequently not about producing formal business plans which dictate resource allocations and constrain future activities. Entrepreneurial planning is about developing a vision which can drive the firm, and about constantly refining or evolving that vision. The process may, or may *not* result in a written plan. That is why so many researchers assume entrepreneurs do not plan: there is frequently no tangible evidence of the planning extant in the firm. In fact, we believe that most entrepreneurs do plan; they simply fail to do it in a fashion which is identifiable to classic planning researchers.

To eliminate this problem, we need to change the unit of analysis from the firm to the entrepreneur. Other researchers concur. Westhead and Wright (1998) avow that there is a need to consider the entrepreneur as the appropriate unit of analysis, rather than the firm. Sandberg (1992) notes that Gartner’s (1988) desire to focus on process simply postpones the researcher’s encounter with ambiguity. Gartner’s (1988) interest in organizational processes has inherent

ambiguity as well, both from a definitional and a measurement perspective. More importantly, Sandberg (1992) notes, there are well established techniques in strategic management research for dealing with ambiguity. Sandberg (1992) closes with an observation that both the entrepreneurship and the strategic management disciplines owe their prominence to an increased attention to the behaviors of human actors in strategic contexts, whether inside or outside organizations, and he calls for a shift of the unit of analysis to the individual. We concur and, given the stage of development of our discipline and the complexity of dealing with human actors, we believe that we need to study both the dancer and the dance (Carland, Hoy & Carland, 1988).

Changing the unit of analysis requires a theoretical framework rather than an empirical model, and this has not been a popular perspective in the literature. Stewart (1996) notes that the emphasis on empiricism may evolve from a misunderstanding of the value of dispositional research. He observes that Mischel (1968) often argues against dispositional research. Mischel (1968) hypothesized that dispositions are *least* likely to be operative in “strong” organizational situations which cue appropriate behavior. Eschewing the dispositional perspective would require a belief on the part of a researcher that new ventures are created in “strong” situations. In reality, the entrepreneurial event is characterized by instability and ambiguity, not “strong” situations. Therefore, dispositional research is appropriate (Stewart, 1996), and is in keeping with the Mischel (1968) hypothesis.

THE ENTREPRENEUR AS UNIT OF ANALYSIS

The entrepreneurs in any given data sample are not homogeneous. Since they are human beings any grouping must by necessity be heterogeneous. We all recognize this basic tenet of our science, yet we tend to ignore it in practice by applying statistical examination to survey data or other empirical measurements without regard to the underlying source of the data. In fact, we continue to argue over the basic definitions required for understanding our subjects (Bygrave, 1989). In our view, ignoring the clear differences in entrepreneurial behavior which exist in the environment can only condemn a research effort to an exercise in futility. Like Winnie the Pooh and his friends in their discussion of the *heffalump* in A.A. Milne’s famous 1926 children’s book, we all know what entrepreneurs look like, even if we can’t agree on a description or a definition. Unlike *heffalumps*, we know that our mystery creatures differ widely from each another, and that they run the gamut from ‘mom and pop’ convenience stores to Microsoft-like ventures.

If entrepreneurs are different from each other, their behaviors must then be different. If their behaviors are different, their approaches to strategic planning must be different. We believe this to be the case and we also believe that these differences are a principal contributor to confusion about the planning-performance link in entrepreneurial ventures.

Carland and Carland (1997) proposed a definitional trichotomy of entrepreneurs. Behaviors of the individuals classified by that model differ widely, and their approaches to strategic planning can also be expected to differ widely. Consequently, utilizing this trichotomy supports the shifting of an empirical unit of analysis from the firm to the entrepreneur.

The Carland and Carland (1997) trichotomy includes microentrepreneurs, entrepreneurs, and

macroentrepreneurs. Macroentrepreneurs are highly driven entrepreneurs who see their involvement with their businesses as the primary vehicle for pursuing self-actualization. Because their drive for self-actualization is bound up with their ventures, success is measured in terms of changing the world or creating something which no one else has been able to do. Macroentrepreneurs have one thing in common: a dream to create, a dream to change, a dream to make the world different. Macroentrepreneurs are innovative and creative and have a tremendous risk-taking propensity. They never cease striving, taking risks, expanding, growing, competing, even when they might be considered by others to be highly successful or tremendously wealthy (Carland & Carland, 1997).

At the other end of the Carland and Carland (1997) trichotomy are Microentrepreneurs. These individuals have a different and often unique view of success. They see their business ventures as primary sources for family income or to establish family employment, and they view their businesses as important aspects of their lives rather than being consumed by those businesses. Microentrepreneurs pursue self-actualization through their individual freedom. For these people, success is measured by freedom. Operating their own businesses frees them from the pressures and demands of a career in management while it provides their families with financial support. They often have no real idea of their profitability, but measure their success in their ability to pay the bills (Carland & Carland, 1997).

In the middle of the continuum, and consuming by far the greater portion of the distribution, are entrepreneurs: individuals who will have a great deal of their self-perception bound up in their businesses. They dream of recognition, advancement, wealth and admiration, and they want to be extremely successful financially. They enjoy work, but they are not consumed by it, and they tend to avoid risks that might jeopardize an established and successful business (Carland & Carland, 1997).

Carland and Carland (1997) point out that in any given data set, all three types of entrepreneurs might be represented and at widely differing levels. This leads to seriously conflicting results in traditional empirical studies, as one researcher may have microentrepreneurs dominating the findings, while another might have entrepreneurs driving the mathematical relationships. We intend to strive for an empirical approach which will prevent such behavioral confusion from clouding the results.

THE INCIDENCE AND INTENSITY OF PLANNING

Microentrepreneurs are ubiquitous; they are found on every street corner in every city in America and throughout the world. Their presence in any data set is likely, although their concentration in any given data set cannot be predicted. As their focus is on lives outside the business and on the freedom that the business bestows, we cannot expect them to devote time to planning. In our view, these are the individuals who have displayed a tendency not to plan, in the Robinson and Pearce (1984) perspective, as a result of preoccupation with daily operational decisions. We expect to observe no, or extremely little planning in this group. In the early stages of a microentrepreneurial venture, there may be some attention paid to an informal vision, but that can be expected to rapidly pale as the microentrepreneur's attention shifts outside the business.

With regard to performance, microentrepreneurs will generally be found near the low point from a financial perspective. This is the result of the microentrepreneur's emphasis on freedom. As soon as a venture produces a level of family income which the individual finds acceptable, he or she is likely to be content to operate the firm in that fashion until retirement (Carland & Carland, 1997).

Macroentrepreneurs are rare even though they fill our folklore with stories that we like to use to glorify entrepreneurship. They are the heroes of our discipline and their names are household words in the mouths of our researchers. We fear that in any given data set, there may be no macroentrepreneurs. Not only are they rare, it is even rarer to get them to respond to a survey or a request for data because they are so consumed with their businesses. Nevertheless, beset as they are by the exigencies of their businesses, we expect every single one of them to be engaged in deep, serious, intensive, and continuous strategic planning. In fact, we expect them to be as preoccupied with strategy as microentrepreneurs are with daily operational challenges. We expect formal, written plans, revised on a regular basis, as well as an on-going, constantly evolving, vision of the venture. In fact, Ensley, Carland and Carland (2000), in a study involving macroentrepreneurs leading management teams in the *inc. 500*, discovered that every individual had established a formal planning process and did pursue strategic planning with a high level of intensity.

Macroentrepreneurs should be found near the high point with respect to financial performance. This is a result of their emphasis on growth and market domination (Carland & Carland, 1997). Their careers may be marked by meteoric behaviors, but given that failures will not likely be included in any data set, the result is likely to be a disproportionate representation among the highest levels of financial performance. Ensley, Carland and Carland (2000) identified the chief executive officers in a sample of 231 *inc. 500* firms as lead entrepreneurs, and labeled those individuals as macroentrepreneurs. The *inc. 500* is a group of firms which are independently owned and operated and are among the fastest growing firms in the United States as selected by the Editors of *inc.* magazine. These firms do, indeed, post impressive financial performance. For example, the slowest growth firm among the 1996 *inc. 500* posted a four year growth rate in sales of 583%, while the fastest growing firm in that group showed a four year growth of 35,625% (Conlin, Connor, Davilas, Cheng, Jackubiak & Murphy, 1996).

In our view, entrepreneurs are likely to make up the bulk of most data sets. The problem is that the individuals themselves will be at different points in their professional lives. The Carland and Carland (1997) trichotomy suggests that entrepreneurs will change their view of the importance of their businesses after they attain what they consider to be a successful level of financial achievement. In other words, we can expect an entrepreneur who has not yet reached a personally satisfying level of financial success to be actively involved in strategic planning. This emphasis on planning may well equal that of a macroentrepreneur. However, we would expect an entrepreneur who has surpassed that personally satisfying level of success to be less actively involved in strategic planning. Nevertheless, businesses owned and operated by entrepreneurs always carry a high level of importance in their lives; consequently, we expect all entrepreneurs to plan at a more intensive level than microentrepreneurs. In our view, these entrepreneurs will have established a strong vision of the firm and will at the very least be constantly active in

evolving informal, unwritten plans for the future of the venture.

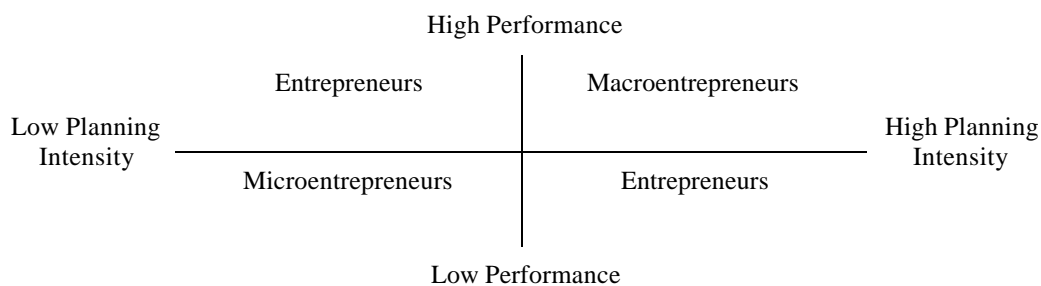
Entrepreneurs should be found near the midpoint of the financial performance continuum. They are driven by dreams of financial success, but not to the degree of a macroentrepreneur (Carland & Carland, 1997). Further, recalling that they have a tendency to shift their interest and life focus outside the business as soon as it produces a financial level of success which they individually find acceptable, suggests that they are more likely to appear in a data set as a wide distribution.

A MODEL OF ENTREPRENEURIAL PLANNING AND PERFORMANCE

Shifting the unit of analysis to the individual, and broadening our understanding of planning in an entrepreneurial venture, we can devise a model of entrepreneurial planning. Microentrepreneurs will frequently be observed to display a tendency to plan at an extremely low level of intensity, or to avoid planning activities entirely. We further expect these individuals to appear at the lower spectrum of financial performance. Macroentrepreneurs will generally appear at the opposite end of the spectrum, both from a planning perspective, and from a financial performance point of view. Entrepreneurs, of course, will likely run the full gamut of both continua: planning intensity and financial performance. Figure 1 displays this perspective in model form.

As the figure displays, in our view, macroentrepreneurs will be found occupying quadrant I, the intersection of high financial performance and high planning intensity. Microentrepreneurs will be found in quadrant III, the intersection of low financial performance and low planning intensity. Entrepreneurs will be found in quadrants II and IV, along the full gamut of both continua.

Figure 1. The Entrepreneurial Planning Matrix



Having evolved this model of entrepreneurial planning versus performance, we determined to test the theory. Accordingly, we turned to an empirical examination of the perspectives displayed in the model. According to Carland and Carland (1997) actually identifying macroentrepreneurs, entrepreneurs and microentrepreneurs in any data set is problematic. This is because of the tendency for entrepreneurs to change their behaviors based upon their circumstances. As we required a robust approach to any empirical test, we determined that the approach must center on an observable and clearly demonstrable aspect of behavior. Accordingly, we determined to utilize planning intensity as the grouping variable. Specifically, we devised the following hypothesis:

Hypothesis: *Individuals who display a high level of planning intensity in their approach to the management of their ventures will experience a higher level of financial performance in their ventures when compared to individuals who display a lower level of planning intensity.*

The financial performance measures chosen for use in this study are sales volume and number of employees. These measures are based on several works (McGuire, Schneeweis, & Hill, 1986; Keats & Hitt, 1988; Schaefer, Kenny, & Bost, 1990). Sales are often used as a measure of performance for all firms (Brush & Vanderwerf, 1992), and sales growth is often cited as an objective of entrepreneurial firms (Carland, Hoy, Bolton, & Carland, 1984; Bygrave, 1993; Ensley, Carland & Carland, 2000).

We omitted profit because we were concerned that it may not be a meaningful measure of performance in entrepreneurial firms, given the growth objectives of most new ventures. A study by Chandler and Hanks (1993) found that the great majority of entrepreneurs have growth concerns that far outweigh their concerns about profitability. Brush and Vanderwerf (1992) found in a review of 34 empirical studies that employee growth and sales growth were the most common variables used. Finally, obtaining profitability data which could be considered accurate and dependable is problematic with any group of small and independently owned businesses. Consequently, we determined to employ the number of employees as our final measure of performance. This data point fits with the literature and is more likely to be accurately reported by survey participants.

METHODOLOGY

To test the research hypothesis, the researchers devised a questionnaire and sought to develop a database of entrepreneurs to support a statistical examination. In an effort to establish a large sample of entrepreneurs, we determined to utilize students to gather data. After training in the identification of entrepreneurs, our graduate business students selected the participants of the study on a convenience basis. The students solicited participation from current and former employers, employers of their parents, relatives, acquaintances, or from individuals with whom they had some other form of contact. Participants in the study came from 30 states; however, most respondents lived in the Southeastern United States.

Although the sample is convenience in nature, there are several benefits from this sampling technique. First, the sample was not anonymous, and the data set was controlled. The questionnaires were examined upon submission, and incomplete questionnaires could be returned for completion. The lack of anonymity also ensures that the appropriate individual in the business actually completed the survey. Second, the rate of response was greater than that of the typical mail survey. Less than one in twenty individuals who were approached refused to participate in the study, indicating that individuals participated in the survey who might not otherwise have responded. Therefore, while still existent, non-response bias is not as problematic as with the typical mail survey. Third, the technique engendered the ability to generate a large sample size. The final sample includes 456 owners of small businesses. The central limit theorem (Mason, 1982) suggests that the level of confidence of this sample

approaches that of a random sample.

Table 1. Individual and Organizational Characteristics of the Sample (N = 456)

Characteristic		Number Reporting
Gender:	Female	136
	Male	320
Age:	Under 25 years	20
	25 to 34 years	88
	35 to 44 years	149
	45 to 54 years	117
	55 to 64 years	63
	Over 65 years	19
Education:	Less than High School	28
	High School Graduate	138
	Some College	101
	College Graduate	127
	Graduate Study	7
Industry:	Retail or Wholesale	231
	Manufacturing	24
	Construction	28
	Service	173
Number of Employees:	Less than 10	370
	10-50	59
	51-100	16
	101-250	7
	Over 250	4
Sales Volume:	Under \$100,000	211
	\$100,000-\$500,000	140
	\$501,000-\$1,000,000	45
	Over \$1,000,000	60
Intensity of Planning:	Formal, Intensive Planning	89
	Informal Planning	234
	No Planning	133

The businesses owned by the participants in the study fit the Small Business Administration guidelines, i.e., a small business is independently owned and operated, and not dominant in its field. Moreover, the number of employees and amount of sales of the firms complied with the Small Business Administration's guidelines for assistance. Consequently, every individual in the study was the principal owner and manager of a qualifying small business.

Participants were asked to respond to a question concerning the intensity of the planning effort involved in their firms. Specifically, individuals were asked if a formal, written plan existed in the business. If not, individuals were asked whether they had developed an informal, unwritten plan for guiding the business. Alternatively, individuals were asked if they simply operated without a plan of any type. Demographic information concerning the individual respondents, and the size and industry characteristics of their firms were developed in the questionnaire. These data, together with responses to the planning intensity question, are presented in Table 1.

RESULTS OF THE ANALYSIS

To test the hypothesis discussed above, we employed the intensity of planning variable to partition the participants, as discussed above, then we investigated whether there were any differences in sales volume or number of employees between the groups so identified. Our first step in this process was to conduct an analysis of variance investigation. The results of that test are displayed in Table 2 and demonstrate that statistically significant differences existed within the data set.

Table 2. Analysis of Variance

Dependent Variable = Planning Intensity					
Effect Variables = Sales Volume, Number of Employees, Sales Volume crossed with Number of Employees					
Source	Sum-of-Squares	df	Mean-Square	F-Ratio	p
Model	14.716	15	0.981	2.126	0.008
Error	203.039	440	0.461		
N = 456 R ² = 0.068					

To identify the source of the difference, we conducted a series of t-tests on the various groupings. The results of these tests are displayed in Table 3. The first set of pairs contrasted formal planners against informal planners and non-planners, and informal planners against non-planners with regard to differences in financial performance as measured by sales volume. As the table shows, two of the three pairings produced significant differences.

The second set of pairs contrasted formal planners against informal planners and non-planners, and informal planners against non-planners with regard to differences in financial performance as measured by number of employees. As the table shows, all three of the pairings produced significant differences.

Examination of the mean scores for the five group comparisons which produced significant results displays that the businesses owned by groups embodying the relatively higher level of planning intensity did, indeed, experience a higher level of financial performance as measured by sales and number of employees. Specifically, both formal and informal planners outperformed non-planners with respect to sales volume. Further, formal planners outperformed informal planners, who outperformed non-planners, with respect to the number of employees.

CONCLUSION

Our results support the acceptance of the research hypothesis: the greater the level of planning intensity, the greater the level of financial performance. This finding is in accord with the classic perspective of strategic planning (Miller & Cardinal, 1994); however, the significance of the finding is undiminished because of the approach which we employed. In other words, the outcome of the research is less important than the implications of the research approach.

Specifically, this study supports a model of entrepreneurial planning and performance which employs an individual's expression of entrepreneurship to explain a varying level of planning intensity and financial performance. However, the study utilized the entrepreneur as the unit of analysis, and incorporated an expectation of behavioral differences in order to avoid distortion of the empirical findings.

Table 3. T-Tests Between Groups

Two Sample Tests on Sales Volume Grouped by Planning Intensity						
	N	Mean	SD	t	df	p
Formal Planners	89	2.157	1.205	1.511	321	0.132
Informal Planners	234	1.953	1.037			
Formal Planners	89	2.157	1.205	3.697	220	0.000
Non-Planners	133	1.639	0.882			
Informal Planners	234	1.953	1.037	2.939	365	0.004
Non-Planners	133	1.639	0.882			
Two Sample Tests on Number of Employees Grouped by Planning Intensity						
	N	Mean	SD	t	df	p
Formal Planners	89	1.528	1.001	2.510	321	0.013
Informal Planners	234	1.286	0.668			
Formal Planners	89	1.528	1.001	4.563	220	0.000
Non-Planners	133	1.105	0.038			
Informal Planners	234	1.286	0.668	2.953	365	0.003
Non-Planners	133	1.105	0.038			

Additional research is required to confirm these findings, of course, but if the results of this study can be extrapolated to the larger population of entrepreneurs, the implications are significant. Not only must the unit of analysis in entrepreneurship research be shifted to the individual, as suggested by Sandberg (1992), and Westhead and Wright (1998), but differences in behavior or entrepreneurial expression must be incorporated into the investigation. A failure to recognize such differences could result in an erosion of validity and confidence in any statistical findings. We invite other researchers to join us in a renewed assessment of the impact of entrepreneurs and entrepreneurial behavior on the performance of their ventures, environments, competitors, and on each other. We need to recognize that entrepreneurial differences, by necessity, permeate every aspect of the expression of the entrepreneurial act. If we truly want to advance our understanding, we must struggle with the mysteries of human cognition. The rewards are unimaginable: insight into one of the most fascinating and vital of activities in the world of business.

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