§1 Introduction

Gartner argued that the preferred path for studying entrepreneurship was to focus not on the person (the “entrepreneur”) but on what he called “the primary phenomenon of entrepreneurship—the creation of organizations, the process by which new organizations come into existence”\(^1\). Gartner referred to this as a “behavioral approach” that called for treating the organization as the primary level of analysis and concentrating on the complex process of creating a new organization, a process that was influenced by a number of factors including the activities undertaking by the entrepreneur to help the organization come into existence. Gartner explained: “The personality characteristics of the entrepreneur are ancillary to the entrepreneur’s behaviors. Research on the entrepreneur should focus on what the entrepreneur does and not who the entrepreneur is.”\(^2\) Gartner noted that the behavioral approach was not new and that others, such as Cole, had argued that an entrepreneur should be seen as an “economic agent” who unites and reconstitutes all the necessary means of production (e.g., labor, capital and property provided by others) to generate value that can be used to provide all of the stakeholders who have contributed inputs to the new venture with rewards such as wages, interest and rent and also produce profits as the entrepreneur’s own reward.\(^3\)

Gartner was an outspoken critic of the “trait approach” to studying entrepreneurship and other advocates of the behavioral approach have been equally mindful of the shortcomings that have been identified with the trait approach. One commentator, Van de Ven, drew an interesting parallel between research on entrepreneurship and the evolution of research on leadership:

“Researchers wedded to the conception of entrepreneurship for studying the creation of organizations can learn much from the history of research on leadership. Like the studies of entrepreneurship, this research began by investigating the traits and personalities of leaders. However, no empirical evidence was found to support the expectation that there

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\(^2\) Id.
\(^3\) Id. Gartner cited the following definition suggested by Cole, who himself relied on a quote from J.A. Say, that an entrepreneur is an economic agent who “… unites all means of production—the labor of the one, the capital or the land of the others—and who finds in the value of the products which result from their employment the reconstitution of the entire capital that he utilizes, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself”. A. Cole, “An approach to the study of entrepreneurship: A tribute to Edwin F. Gay”, The Tasks of Economic History (Supplement VI of the Journal of Economic History, 1946), 1-15, 3 (quoting J. Say, A Treatise on Political Economy (London: Sherwood, Neeley and Jones, 1816)).
are a finite number of characteristics or traits of leaders and that these traits differentiate successful from unsuccessful leaders. Most recently, research into leadership has apparently made progress by focusing on the behavior of leaders (that is, one what they do instead of what they are) and by determining what situational factors or conditions moderate the effects of their behavior and performance.\(^4\)

§2 Roles of the entrepreneur in creating new organizations

In order to study the role of entrepreneurs in creating new organizations it is necessary to understand how organizations come into existence and then identify the roles that the entrepreneur plays in that process, the activities that the entrepreneur might be engaged in during the process and the skills that the entrepreneur should acquire in order to be effective in that process. Gartner argued that a template for research was already available from work carried out in the field of management studies with respect to identifying and understanding “what managers do” and suggested the following list of questions, many of which were adapted from the work of Mintzberg in studying “managers”\(^5\), for researchers studying entrepreneurship\(^6\):

- What kinds of activities does the entrepreneur perform? What kinds of information does the entrepreneur process? Who does the entrepreneur work with and where and how frequently do these interactions occur?
- What are the distinguishing characteristics of the work performed by the entrepreneur? Specifically, what media does the entrepreneur use, what activities does the entrepreneur prefer to engage in, what is the flow of the entrepreneur’s activities during the workday, how does the entrepreneur use his or her time and what are the pressures associated with the work performed by the entrepreneur?
- What basic roles can be inferred from studying the activities of entrepreneurs? What roles does the entrepreneur perform with respect to collecting, analyzing and distributing information; decision making; and communicating and dealing with people?
- What variations exist among the job activities of different entrepreneurs and how can these variations be explained (e.g., can they be attributed to the situation, the entrepreneur, the job, the organization and/or the environment)?


\(^6\) W. Gartner, “‘Who is an Entrepreneur?’ Is the Wrong Question”, American Journal of Small Business, Spring 1988, 11-32, 27-28. Gartner noted that the answers to many of these questions were best pursued through field work that featured observations of entrepreneurs as they worked to create organizations and systematic description and classification of the observed activities of entrepreneurs. Id. at 27.
To what extent is entrepreneurship a science? To what extent is the work performed by an entrepreneur programmed (i.e., the work is repetitive, systematic and predictable)? To what extent is the work of the entrepreneur programmable?

What specific organizational creation skills does the entrepreneur need to have and how are those skills best acquired? Assuming that entrepreneurs are not born with these skills, can they be learned through systematic training and education? What role does prior experience as an entrepreneur play (i.e., is it possible to “learn-as-you-go”, as has been suggested by some studies)? Are there any skills that are more important than others, such as identifying and evaluating problems?

Why do individuals decide to engage in the creation of a new organization? How do the founders of a new organization claim ownership rights and establish processes for communicating and working together as a team?

What skills and strategies do entrepreneurs use to identify and attract various types of support (e.g., financial, legal, marketing and technological) needed for organizational creation to be successful? What role does business planning play and what are the features of successful business plans?

§3 Entrepreneurial philosophies of management

Gartner’s list of questions provides a solid foundation for identifying and analyzing what entrepreneurs do in relation to the creation of new organizations. Another interesting alternative to the study of traits and characteristics examines entrepreneurship as an approach to managing an enterprise based on a fundamental strategy of identifying and pursuing opportunities in the firm’s external environment without feeling limited by the actual resources that the firm currently has under its own control. In order to understand

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7 With respect to this question see also M. Palmer, “The application of psychological testing to entrepreneurial potential”, California Management Review, 13(3) (1971), 32-39.


9 Researchers have suggested that a key to successful entrepreneurship is the ability to identify and prioritize problems. See, e.g., W. Hoad and P. Rosko, Management factors contributing to the success and failure of new small manufacturers (Ann Arbor: University of Michigan, 1964); and L. Lamont, “What entrepreneurs learn from experience”, Journal of Small Business Management, 10(3) (1972), 36-41.

10 With regard to team formation, see also J. Timmons, “Careful analysis and team assessment can aid entrepreneurs”, Harvard Business Review, 1979, 198-206.


12 H. Stevenson, “A Perspective on Entrepreneurship,” Harvard Business School Note, 384-131 (1983). Sahlman and Stevenson took a similar approach in their definition of entrepreneurship as: “. . . a way of managing that involves pursuing opportunity without regard to the resources currently controlled. Entrepreneurs identify opportunities, assemble required resources, implement a practical action plan, and
how this “entrepreneurial behavior” works it is useful to compare the mindset and corresponding actions of “promoters” and “trustees” with respect to certain key dimensions of managerial activity. A promoter is someone who is comfortable assuming the risks and challenges of pursuing new business opportunities regardless of whether or not he or she currently controls the resources necessary for the pursuit to have a reasonable chance of success. On the other hand, the trustee falls at the opposite end of the spectrum and is continuously focused on efficient management and utilization of the firm’s existing resources. Promoter-like behavior is typically associated with smaller firms while trustees and larger companies are similarly linked. The behavior within a single firm can, and usually does, evolves through time. As Cauthorn observed, “[l]arge corporations [which] soon become risk-averting and cautious and are run, not by, innovating entrepreneurs, buy by bureaucratic committees. These bureaucratized giants eliminate the entrepreneur and replace him or her with cautious and conservative managers who are, at best, maintainers.”

Contrasts between the behaviors of promoters and trustees can be seen along the following dimensions of managerial activity: strategic orientation, the strength and speed of commitment to pursuit of opportunities, the resource commitment process, the attitude toward control over resources, management structure, and compensation and reward policies. We briefly examine each of these dimensions in the following paragraphs; however, at the outset it is useful to list the following defining characteristics of the management philosophy of companies that can legitimately be classified as “entrepreneurial”:

- Strategy is driven by the perception of opportunities available in the environment and is not constrained by concerns relating to a current lack of control over the resources necessary to pursue the identified opportunities.
- Once opportunities have been identified and the decision has been made to pursue them, actions will be taken quickly following consultation with a limited group of constituencies.
- Resources are committed to the pursuit of new opportunities in stages and each commitment is limited to the minimum amount of resources necessary at each stage or decision point in order to manage exposure and permit rapid withdrawal and redeployment of the resources.
- When resources are needed to pursue an opportunity it is sufficient to borrow, lease or license those resources to complete the immediate action and defer acquisition of full control over such resources until the expense of the investment is justified.
- The optimal organizational structure is flat with minimal hierarchy and multiple direct information networks.
- The reward philosophy is value-driven, performance based and team-oriented.

As with many other aspects of the study of entrepreneurship there is no genuine agreement that entrepreneurs consistently apply some universal set of management principles to their pursuit of opportunities and innovation. In fact, it is difficult, if not impossible, to clearly and definitively analyze and explain the decision process of an entrepreneur that embarks on a path toward innovation. As one commentator put it, the “process is beyond systematic calculation”\textsuperscript{14}.

\section*{Strategic orientation}

The term “strategic orientation” can be thought of as the group of factors that are the primary drivers of the strategies adopted by a company. Firms led by founders and senior managers with a promoter mentality are most likely to design their strategies around opportunities that they identify in the relevant business environment with little or no concern for resource constraints. For example, promoters are likely to commit to developing a new product or technology that they believe will create a new market or transform an existing market even though they realize that they do not currently have the capital and other resources that are likely to be required in order to successfully complete the projected development effort. In contrast, the trustee mentality, often associated with larger firms, follows a resource-driven approach with respect to formulation of business strategy and focuses on how the resources that the firm currently controls can be efficiently managed and utilized. This type of approach shuns uncertainty and pushes managers to stick close to what is known and confine their strategic initiatives to incremental changes to, and realignment of, existing resources.

“Opportunistic” is a characteristic often incorporated into contemporary definitions of an entrepreneur and is usually accompanied by the terms “creative” and “innovative.” It is important, however, to remember that opportunistic behavior may not involve striking out into new and relatively untested areas but may focus on finding new ways to combine existing ideas and/or apply existing ideas in a manner that is different than the status quo. While promoters may be oriented toward opportunistic behavior because of certain personality traits there are objective pressures in the environment of a firm that may push its strategic orientation in this direction. For example, conversion toward a promoter mentality may be dictated by the fact that trusteeship simply is no longer a viable strategy given that the opportunity streams that may have been available to the company in past have dried up and there is no further value to be derived by tinkering with legacy products or technologies. A more entrepreneurial orientation may also be dictated by rapid and unexpected changes in technology, consumer requirements and spending habits, social values and/or the regulatory environment. For example, technological breakthroughs inevitably create a degree of chaos in the marketplace as existing products suddenly become obsolete and new opportunities and expectations are created. Similarly, new regulatory requirements lead to revised product standards and often become a catalyst for developing new technologies and products.

It may be much easier for smaller, newly-established firms to aggressively pursue opportunities without regard to resource constraints because they are not encumbered by some of the pressures that cause larger companies to become more administrative and conservative. For example, the managers of an established enterprise may feel an obligation to focus on deploying current resources as opposed to heading off into new directions that may require different and/or more people, new technologies, replacement of existing equipment and aggressive capital-raising activities. Another issue that tends to reduce risk-taking behavior is that it is not encouraged by the firm’s performance review and reward systems. At larger companies it is rare for managers to be punished for failing to pursue opportunities; however, their jobs are generally at risk if their efforts to take on an entrepreneurial project result in a downturn in traditional performance measures such as return on investment. Similarly, managers at big firms are usually selected and promoted for their ability to effectively utilize existing capacity and increase sales of current product lines.

Another interesting discussion that touches on differences in strategic orientation among traditional managers and entrepreneurs is the model created by Sarasvathy that suggests that there are three forms of “thinking” or “reasoning” available to managers and that “entrepreneurial thinking” really is different from the others and can be taught. Sarasvathy distinguished among the following forms:

- Managerial thinking, which is based on the causal reasoning normally taught to prospective entrepreneurs and managers and focuses on selecting between given means to achieve a pre-determined goal.
- Strategic thinking, which is based on “creative” causal reasoning and focuses on generating new ways to achieve pre-determined goals.
- Entrepreneurial thinking, which is based on effectual, not causal, reasoning and focusing on new ends using a given set of means.

Sarasvathy provided an interesting example of the contrast between causal and effectual reasoning that featured an entrepreneur who was a good Indian chef interested in starting a new business. An entrepreneur using causal reasoning would likely begin with the pre-determined goal of starting an Indian restaurant and then go through the traditional steps of market definition and segmentation, targeting and then positioning to reach customers who would enjoy and frequent the restaurant. In contrast, an entrepreneur using effectual reasoning would not start with the assumption that he or she would start an Indian restaurant but would instead gather up his or her means—who he or she is (i.e., traits, tastes and abilities), what he or she knows (i.e., education, training, expertise and experience) and whom he or she knows (i.e., social and professional networks)—and look for ways that those means can be employed in a profitable and enjoyable manner. This process begins with defining several possible markets, adding segments and/or strategic partners, defining the customer and, finally, identifying how the needs of that

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customer can best be served by the means available to the entrepreneur. In the example provided by Sarasvathy, the entrepreneur may rent a location and start a restaurant but might also choose other paths such as partnering with an existing restaurant, participating in ethic food fairs, setting up a catering service or cooking meals in his or her home and delivering them to office workers who have learned of the service through the entrepreneur’s social and professional network.

A concept similar to strategic orientation is the proposed entrepreneurial characteristic of “innovativeness” suggested in the work of Mueller and Thomas. They noted that successful innovation requires more than just inventiveness but also demands commercialization of ideas, implementation and the modification of existing products, systems and resources. Success at “innovation” requires an entrepreneur who possesses the personal characteristics which reflect the necessary creativity and other skills to engage in “innovative behaviors”, including the creation and implementation of competitive strategies to introduce new products and services and/or new methods of production, open new markets or sources of supply, or reorganize an entire industry. Mueller and Thomas went on to cite the work of a number of researchers who provided empirical evidence for higher levels of “innovative preference” and “personal innovation” in entrepreneurs as opposed to managers and small business owners.

§5 --Strength and speed of commitment to pursuit of opportunities

A strategic orientation toward new opportunities is one thing; however, the real test is the intensity with which the persons that see the opportunities press forward with the actual pursuit of the nascent business idea. A distinguishing characteristic of a promoter is his or her willingness to act quickly and assertively once a good opportunity is identified. In contrast, the trustee’s thought and action process is one that is typically associated with large enterprises—very analytical with extensive internal discussion and negotiation within a relatively long decision-making process. The apparent tendency of the promoter to “jump right in” is sometimes seen as overly risky and impetuous; however, this perspective is simplistic and misleading in many cases because successful promoters are acting on the basis of their experience in the particular area in which the opportunity arises and their instinctive sense of the steps that will need to be taken in order to build a path where none seems to exist at the beginning.


Firms that demonstrate a more entrepreneurial approach to committing to the pursuit of new opportunities tend to evidence one or more specific characteristics. First, the promoter and other managers are action-oriented and this pushes the company to commit quickly to contacting and claiming the customers, employees, capital and other resources that are necessary to take advantage of the opportunity. Second, these firms understand that many opportunities come with very short windows for making the market entry decision and that delay in acting will expose them to prohibitively high late entry costs including the need to make significant investment to overcome the competitive and technological advantages of “first movers.” Third, these companies are adroit at managing their limited resources in a way that allows them to both rapidly respond to new opportunities and withdraw quickly from projects that are not working out. Finally, the ability to quickly commit resources follows from the fact that entrepreneurial ventures have a limited number of constituencies that must be consulted before a decision is made. This allows those firms to be more flexible than larger and more hierarchical organizations that must go through extended deliberations and internal negotiations before they can move forward with a significant change in strategic direction.

In contrast, companies that are following the trustee model are slow to commit resources to new opportunities for several reasons. First, these firms, generally larger, have a number of internal and external constituencies that believe they should have a voice in strategic decisions. As a result no choices, must less a move into a new direction, can be made with complete a long and complicated process of consultation and negotiation which inevitably leads to delays. In addition, the negotiation process typically requires a large number of concessions in order to garner the necessary support and the result is generally a much less aggressive approach to a specific opportunity. In fact, this is one of the main reasons that most of the new strategic initiatives of larger firms tend to focus on incremental or evolutionary changes in existing products and technologies rather than on projects designed to effect revolutionary change. The decision making process at large firms with a trustee mentality will also slowed by the strong emphasis on risk analysis that accompanies the determination of strategy. Finally, any decision made by the trustee will need to take into account the current resources of the firm and the resulting strategy will often be skewed toward assuring that existing personnel and related assets will remain deployed. While this is a noble objective, particularly when the goal is to continue offering jobs to loyal employees, it can significantly impair the flexibility of the firm and its ability to respond to new opportunities that will ultimately require resources that are not currently controlled.

§6 Process of committing resources

Another distinguishing factor between promoters and trustees is the approach that they follow with respect to commitment of resources to pursuit of a new opportunity. As noted above, the strategic orientation of a promoter is driven by a willingness to commit to an opportunity with accepting as a constraint the lack of current control over resources that may be needed in the future. This mindset drives the promoter to view commitment of resources to a new project as a multi-step process in which additional resources will only be committed at key decision points along the way and the amount of each
additional commitment will be limited to what is necessary in order to progress to the next milestone. In contrast, trustees are generally unwilling to take on a new project unless and until an extensive analysis of the required resources has been completed and all of the resources thought to be necessary for the success of the project have been identified and formally allocated to the project. Promoters are more willing to minimize the resources committed to a particular project and focus on maximizing the value that the firm is able to create using those resources; however, there is necessarily a higher level of risk associated with this approach since unforeseen problems may arise at a future decision point in gathering the additional resources necessary to continue. The size and stage of development of the promoter firm often has a lot to do with this approach. A small company at the start-up stage generally has few resources available for any project and its ability to obtain additional resources, particularly capital, will depend on the success of its efforts in the early phases of a new project. In addition, the best opportunities generally appear in dynamic environments where technologies and standards have yet to fully emerge and staged commitment of resources provides promoters with the flexibility to choose from the best available resources at each point in the decision process rather than being locked into a commitment to use a manufacturing process that is no longer cost-effective or a technology that has become obsolete because of advances in other areas of the environment while the promoter firm has been working through its own development process.

Trustees are more comfortable with a one-time commitment of all of the resources required for a particular project for several reasons. First, managers in a trustee-oriented organization tend to have a much higher level of personal risk avoidance and are typically reluctant to commit to a long-term project without comfort that sufficient resources have already been set aside to satisfy the requirements that have been identified at the beginning of the project. Second, when excess resources are available for use it is easier for managers to obtain the short-term return on investment that is valued within the performance and compensation structures of larger companies. Third, the planning and budgeting systems used by trustee-type organizations are usually set up for single decisions after an extended period of internal analysis, discussion and negotiation as referred to above. As a result, proponents of a new project are pushed toward seeking approval for the largest amount of resources possible before the project begins. If they attempt to spread the commitment of new resources over multiple stages the project will likely bog down at each decision point with a resultant loss of momentum and advantage in relation to competitors.

§7 --Control of resources

Resources are necessary for the pursuit of any new opportunity; however, promoters and trustees diverge significantly with respect to their attitudes regarding the manner and degree of control over the resources—capital, personnel, technology and equipment—necessary in order to execute the appropriate strategy for a given opportunity. Promoters focus primarily on the ability to use a given resource only to the extent necessary in order to achieve specifically identified immediate goals and objectives. Promoters are not interested in taking on the additional costs and risks of excess capacity, which is often the
case when a resource is bought rather than simply borrowed or leased, and thus are slow to commit to building in-house resources that may be more difficult to jettison or redirect as new the environment changes and opportunities come and go. On the other hand, trustees, consistent with the reluctance explained above to commit to a new project unless all the resources have been identified in advance, have a strong preference for own or actually employing all of the tangible, intangible and human resources necessary for new projects and day-to-day business activities.

The promoter’s approach to resource control is based on several supporting beliefs and strategic operating principles. First, promoters recognizes the movement toward increased resource specialization, particularly when pursuing opportunities in dynamic market, and this means that the most prudent way to reduce risks and control the level of fixed costs is to bring in the required specialist personnel and assets—design engineers or customized testing equipment—for a limited period of time and tightly constrained assignments. Second, leasing rather than buying provides a hedge against unexpected obsolescence, which as explained above can occur quickly when technologies and standards are in a state of flux. Third, the ability to eliminate unnecessary resources quickly, by exercising built-in options to terminate leases or licenses, creates flexibility and allows the promoter to free up capital easily and redirect it quickly as needed. In contrast, established companies generally apply a trustee mentality to resource control for various reasons. For example, resource control is an important indicator of status, authority and compensation for larger firms and managers have business, political and psychological incentives to “purchase” and maintain control over resources. In addition, it is easier to coordinate the execution of projects if all the resources have already been identified and appropriated and ready for deployment; however, these advantages should be weighed against the risk that some resources may not be fully utilized prior to the time that they are actually needed for a particular project. Finally, larger firms are more likely to adopt stockpiling strategies for core resources as a hedge against sudden shortages in the marketplace. As such, it is common practice for managers to accumulate buffer inventories and proactively seek control over key business relationships with suppliers and distributors. Control of resources through ownership is also seen as important mode of defense against preemption by competitors.

§8 --Management structure

In order for the promoter to be able to make the various decisions regarding pursuit of opportunities and control of resources he or she must have immediate and direct access to all relevant information from within the organizational structure of the company. Accordingly, it is not surprising that the preferred management structure for the promoter is flat with multiple information networks and direct connections between the promoter and each of the key internal stakeholders involved in developing and implementing the strategy relating to specific opportunities. While entrepreneurs are often stereotyped as being eccentric inventors interested more in ideas than in execution the reality is that the most successful entrepreneurs are those persons who have the management skills to coordinate the use of key resources that are not under the direct control of their companies, which means constantly communicating and negotiating with external
resource controllers. A flat organization also maximizes flexibility, which is important in the dynamic environments in which the development of new opportunities occurs. In addition, a non-hierarchical organizational structure is consistent with the need of creative and innovative employees to have some level of independence to freely pursue their ideas without having to overcome the problems that often delay activities in companies that have become too bureaucratic.

A larger firm often has difficulty shifting toward an entrepreneurial orientation because of the management structure that has evolved as the company has grown and matured. The normal pressure on the growing business is toward a formalized hierarchy with a gradually increasing number of managerial levels that tend to increase the distance between the leaders of the company—the members of the senior management group—and the employees who are closest to the potential sources of new opportunities (e.g., customers or suppliers). As a result, the information systems for a trustee-type organization are different than those in a promoter-type firm. Larger companies are more interested in reports that allow senior managers to fulfill the challenges of monitoring and coordinating a diverse range of resources—in other words, controlling the actions of employees at all levels of the hierarchy. The need for control also underlies efforts to clearly define authority and responsibility within the organizational structure and develop and enforce policies and procedures to standardize the response of managers and employees to frequently occurring events. Finally, reward systems in larger firms typically create incentives for managers to broaden their span of control over resources.

§9 --Compensation and reward policies

There are sharp distinctions between promoter- and trustee-oriented firms with respect to their philosophies regarding rewards and compensation. Promoter-type companies focus heavily on “value creation” and tie compensation to performance on activities that are closely related to the creation of value for the firm’s stakeholders. This approach is consistent with the expectations of individuals who tend to be drawn to entrepreneurial ventures—they are more independent and believe strongly that they should be rewarded based on their individual contributions as opposed to how long they have been with the company or where their specific position sits within a formal organizational chart. In fact, companies seeking to recruit the human resources necessary to successfully tackle truly innovative opportunities must be prepared to offer performance-based rewards packages. The type of external financial support sought and obtained by promoters—venture capital—also pushes their companies toward creation and distribution of value since these investors expect and demand high and quick return on their investments.

18 It is widely believed that entrepreneurs lack critical management skills. See, for example, J.G. Burch, Entrepreneurship (New York: John Wiley & Sons, 1986), 24 (entrepreneurs are good at starting companies and making them successful, but not at managing them).

19 For further discussion, see “Organizational Design: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).
Larger companies with a trustee-type orientation have come under increasing criticism regarding their seeming inability to maximize value from their operations and distribute that value to their shareholders in the form of dividends and stronger performance in the stock markets. In fact, shareholder dissatisfaction has become so strong that perceived failures with respect to value creation have led to “forced” acquisitions of poorly performing firms and accelerated turnover among chief executive officers. There are several reasons that it is difficult for a large company to moving toward a performance-based compensation system. First of all, as firms grow loyalty and tenure inevitably creep in as factors in compensation and promotion decisions and this creates difficulties in adopting alternatives that might reward high performing newcomers while penalizing others who have stuck with the company for years and been “loyal soldiers”. Second, since there are so many people involved in specific activities within larger companies it can be extremely difficult to isolate, measure and reward individual performance. Finally, managers seeking long-term tenure at larger firms tend to err on the side of conservatism and make decisions with a strong eye on protecting their positions and scope of authority and avoiding actions that might be “career ending” within the context of the particular firm.
About the Author

This chapter was written by Alan S. Gutterman, whose prolific output of practical guidance and tools for legal and financial professionals, managers, entrepreneurs and investors has made him one of the best-selling individual authors in the global legal publishing marketplace. His cornerstone work, *Business Transactions Solution*, is an online-only product available and featured on Thomson Reuters’ Westlaw, the world’s largest legal content platform, which includes almost 200 book-length modules covering the entire lifecycle of a business. Alan has also authored or edited over 90 books on sustainable entrepreneurship, leadership and management, business law and transactions, international law and business and technology management for a number of publishers including Thomson Reuters, Practical Law, Kluwer, Aspatores, Oxford, Quorum, ABA Press, Aspen, Sweet & Maxwell, Euromoney, Business Expert Press, Harvard Business Publishing, CCH and BNA. Alan is currently a partner of GCA Law Partners LLP in Mountain View CA (www.gcalaw.com) and has extensive experience as a partner and senior counsel with internationally recognized law firms counseling small and large business enterprises in the areas of general corporate and securities matters, venture capital, mergers and acquisitions, international law and transactions, strategic business alliances, technology transfers and intellectual property, and has also held senior management positions with several technology-based businesses including service as the chief legal officer of a leading international distributor of IT products headquartered in Silicon Valley and as the chief operating officer of an emerging broadband media company. He has been an adjunct faculty member at several colleges and universities, including Berkeley Law, Golden Gate University, Hastings College of Law, Santa Clara University and the University of San Francisco, teaching classes on corporate finance, venture capital, corporate governance, Japanese business law and law and economic development. He has also launched and oversees projects relating to sustainable entrepreneurship and ageism. He received his A.B., M.B.A., and J.D. from the University of California at Berkeley, a D.B.A. from Golden Gate University, and a Ph. D. from the University of Cambridge. For more information about Alan and his activities, and the services he provides through GCA Law Partners LLP, please contact him directly at alangutterman@gmail.com, follow him on LinkedIn (https://www.linkedin.com/in/alangutterman/) and visit his website at alangutterman.com.

About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) was launched by Alan Gutterman to teach and support individuals and companies, both startups and mature firms, seeking to create and build sustainable businesses based on purpose, innovation, shared value and respect for people and planet. The Project is a California nonprofit public benefit corporation with tax exempt status under section 501(c)(3) of the Internal Revenue Code dedicated to furthering and promoting sustainable entrepreneurship through education and awareness and supporting entrepreneurs in their efforts to launch and scale innovative sustainable enterprises that will have a material positive environmental or social impact on society as a whole.

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