**Two Types of Entrepreneurs : The Operator and the Visionary Consequences for Education**

by Louis Jacques FILION

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By Professor Dr. Louis Jacques Filion
HEC, The University of Montreal Business School
Canada

**Abstract**

An empirical study of the activity systems of entrepreneurs owning and operating small businesses was used as the basis for an examination of their management systems using the PODC elements (planning, organizing, directing and controlling).  Two types were identified: operators and visionaries.  A management model was established for each type.  The activities in the operator's management process were: selecting, performing, assigning, allocating, monitoring and adjusting.  Those of the visionary were: visioning, structuring, animating, monitoring and learning.  The implications for the education of each type are discussed.

## Two Types of Entrepreneurs:  The Operator and the Visionary
## Consequences for Education

**Introduction**

Research in the field of entrepreneurship and small business frequently leads to a discussion of entrepreneurial typologies.  Typologies are of interest to researchers and teachers alike.  They are especially useful in designing entrepreneurship and small business courses and programs.  They provide a firmer conceptual basis for learning in a field with a broad variety of entrepreneurial behaviour.  Many different typologies exist, and the first section of this paper will mention some of them.   In later sections, a new typology will be proposed and its consequences for entrepreneurial education will be discussed.

**Typologies of entrepreneurs and small-business owner-managers**

Many authors have established typologies and taxonomies to classify entrepreneurs and small business owner-managers.  The table below lists some of the contributions considered useful in entrepreneurship education.

**Table 1**
**Some Important Typologies**

| Authors | Date | Typology |
|---|---|---|
| Collins, Moore et al.<br>Collins and Moore | 1964<br>1970 | Two types of entrepreneurs:<br>1. The administrative entrepreneur<br>2. The independent entrepreneur |
| Smith | 1967 | Two types of entrepreneurs:<br>1. Craftsman<br>2. Opportunist or business entrepreneur |
| Laufer | 1974 | Four types of entrepreneurs:<br>1. Manager or innovator<br>2. Growth-oriented owner-entrepreneur<br>3. Entrepreneur who refuses growth but seeks efficiency<br>4. Artisan entrepreneur |
| Vesper | 1980 | At least 11 types of entrepreneurs:<br>1. The self-employed working alone<br>2. Team builders<br>3. Independent innovators<br>4. Multipliers of existing models<br>5. Exploiters of economies of scale<br>6. Capital gatherers<br>7. Acquirers<br>8. Artists who buy and sell<br>9. Conglomerate builders<br>10. Speculators<br>11. Manipulators of apparent values |
| Julien and Marchesnay | 1987<br>1998 | Two types of owner-managers:<br>1. PIG (perpetuation, independence, growth)<br>2. GAP (growth, autonomy, perpetuation) |
| Lafuente and Salas | 1989 | Four main types of new entrepreneurs in Spain, based on entrepreneurial aspirations:<br>1. Craft<br>2. Risk-oriented<br>3. Family-oriented<br>4. Managerial |
| Hornaday | 1990 | Three types of entrepreneurs:<br>1. Craft<br>2. Promoter<br>3. Professional manager |
| Miner (following work by Miner, Smith et al.) | 1990<br>(1989) | Three types of entrepreneurs:<br>1. Entrepreneur<br>2. Growth-focused entrepreneur<br>3. Manager |
| Filion | 1994, 1996 | Two types of entrepreneurs:<br>1. Operator<br>2. Visionary |
| Siu | 1995 | Five types of owner-managers in China:<br>1. Senior Citizen<br>2. Workaholic<br>3. Swinger<br>4. Idealist<br>5. Hi-Flyer |

Other authors have also examined the classification of technological entrepreneurs. They include Miner, Smith and Bracker (1992), Westhead (1996), and Livesay, Lux and Brown (1996). Woo, Cooper et al. (1991) assessed and discussed the impact of the criteria used on the creation of entrepreneurial typologies.

Obviously, no typology is complete enough to cover all types of entrepreneurs and owner-managers. Every case can be said to be unique. However, what typologies do is to provide a basis for understanding the anchor points as well as the values, overall activity systems, thinking systems and pre-action visions of entrepreneurs. Thus, they provide guidelines for understanding the overall behavioural consistency of the players, and hence for preparing future entrepreneurial action.

The purpose of the research that forms the basis of this paper was to throw light on the management process of entrepreneurial small business owner-managers. This was done using the management activities from the mechanical metaphor (Morgan, 1986), which has its roots in the work of Fayol (1916), Emerson (1912) and Gulick and Urwick (1937). In other words, we looked at how entrepreneurs behaved with respect to the PODC elements: planning, organizing, directing and controlling. We identified two types of managerial behaviour among the entrepreneurs studied, and this led us to suggest two types of entrepreneurs, the operator and the visionary. The research has already been presented in previous publications (Filion, 1994 and 1996). It was based on a study of the activity systems of 116 small business owner-managers recognized for their entrepreneurial behaviour in 18 countries. We will summarize the main elements briefly here, before discussing their impacts on entrepreneurship education.

**The Management Process of Operators**

Small business operators run their businesses rather like one-man bands. They do not introduce major product or market innovations. Their enterprises do not experience high growth levels. However, operators are extremely professional in the way they provide their product or service. Often, the enterprise's brand image stands out in the market because of the operator's expertise. They do what they do well, better than most people in their sector. Enterprises run by operators

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generally employ less than 20 people, and work in the manufacturing sector. They could not survive more than a few weeks, or a few months at most, without their leader. Table 2 below summarizes the elements of the management process of small business operators, identified from an analysis of their PODC-related managerial activities.

**Table 2**
**Elements in the Management Process of Operators**

| Main Elements | Composite Elements |
|---|---|
| **Selecting** | • Identifying and selecting a business sector. |
| **Performing** | • Performing technical, management and business activities. |
| **Assigning** | • Using human resources and assigning tasks. |
| **Allocating** | • Making available the material resources needed to perform tasks. |
| **Monitoring** | • Monitoring some of what is done. |
| **Adjusting** | • Making corrections to methods. |

**The Management Process of Visionaries**

The management process of visionary entrepreneurs reflects their role as market conquerors heading enterprises in perpetual development. Visionaries are highly focused on novelty, differentiation, innovation and expansion. The enterprise goes through growth and withdrawal sequences. However, the movement is continuous. Enterprises led by visionaries, like those led by operators, develop around a distinctive skill developed by the entrepreneur. However, unlike operators, visionaries are less involved in practical matters, which are delegated as much as possible. The roles of visionaries are much more varied, because visionaries have learned to identify what they can delegate, leaving themselves free to explore new paths. Their relations systems play a complementary role and provide important reference points in their evolution. Some of these visionaries will go on to develop enterprises that will grow. Table 3 shows the main elements in the management process of visionary entrepreneurs.

**Table 3**
**Elements in the Management Process of Visionaries**

| Main Elements | Composite Elements |
|---|---|
| **Visioning** | • Identifying an interest in a business sector.<br>• Understanding a business sector.<br>• Detecting a business opportunity.<br>• Targeting a niche in a different way.<br>• Formulating emerging visions.<br>• Imagining and defining an organizational context.<br>• Planning. |
| **Designing a business architecture** | • Formulating complementary visions: management tasks and activities to be performed.<br>• Structuring the activity system.<br>• Organizing. |
| **Animating** | • Linking tasks to human resources.<br>• Recruiting, selecting and hiring human resources.<br>• Directing human resources towards the realization of complementary visions.<br>• Communicating and motivating.<br>• Leading. |
| **Monitoring** | • Monitoring achievements and resources used, including time.<br>• Comparing results with forecasts and analyzing differences.<br>• Correcting, adjusting, improving. |
| **Learning** | • At every stage, questioning what has been done and how it has been done.<br>• Considering alternatives.<br>• Seeking elements of consistency.<br>• Reasoning.<br>• Imagining.<br>• Defining and redefining emerging visions, the central vision and the complementary visions. |

The main difference between the processes of the operator and the visionary lies mainly in the anchor points underpinning the two systems. Their systems are not based on the same models or the same values, and do not define success in the same way. Their goals are different. Operators try to earn a living by using their skills. In most cases, they work to a fairly fixed schedule in the enterprise, rather as though they were employed in senior positions in a large organization. The enterprise is less important in their lives than is the case for visionaries. The professional life of

an operator is just one of many elements making up an overall life system, and sometimes other elements, such as family, leisure activities and hobbies, may be equally or even more important.

These different anchor points mean that the two groups construct very different management systems that function in very different ways. The activities making up the systems are also different. Those of operators tend to focus on what the operators themselves enjoy doing. Visionaries, on the other hand, have dreams or visions that they want to realize. They commit themselves wholeheartedly to the task. Their systems tend to be all-embracing and totalitarian, both for themselves and for the people around them, who have been hired to help realize the vision. Visionaries initiate development, while operators perform tasks. Their anchor points reflect very different entrepreneurial cultures that generate very different entrepreneurial and managerial activity systems.

One clearly visible difference between the two groups lies in the organizational social systems they build. Operators hire human resources on the basis of the job to be done, and very often select someone they already know. They often complain about the incompetence of the people around them. It is easy to understand why. The people in question were hired to perform a given job, but a year or two later, the job has changed, and the person no longer has all the skills required to perform it. Moreover, the evolution of the job has not been followed by the evolution of either the person performing it or the person responsible for it – in other words, the operator.

For visionaries, however, the key basic elements are the central vision and complementary visions. Because visionaries have visions, they are able to step back from the enterprise and obtain an overview that allows them to select people capable of progressing. Visionaries keep their human resources for longer, and tend to express greater satisfaction with their staff. The time they spend communicating where they want to go and what they expect of their employees allows everyone to evolve together around a learning culture that generates perpetual, mutual adjustments. The enterprise staff do not simply do a job, they evolve together on the basis of a psychological contract within which mutual respect and loyalty become increasingly important over time. They learn to know one another, to know their mutual strengths, weaknesses and skills. They learn to evolve together, and to go on learning in their individual but

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complementary spheres. Over time, individuals become increasingly important to one other. As they build something together, they also make progress as human beings, evolving together and, in addition, enjoying the process.

Since one of the aims of this text was to highlight certain elements of complexity in the preparation of future entrepreneurs, we will consider the activities underlying the management processes of each type, and the training needed to allow individuals to perform those activities. Table 4 below lists some of the prerequisites involved.

**Table 4**
**Prerequisites for Managerial Activities**

| Operators | Visionaries |
|---|---|
| Knowledge of the sector, focused on production and sales | General knowledge of the sector as a whole, from a marketing standpoint |
| Development of a view | Formulation of a vision |
| Career decision, choice of professional activities | Business decision, personal commitment |
| Production and/or sales and/or R&D | Implementation of a vision by selecting relations |
| Working with others | Design and implementation of an organizational activity system |
| Organization | Sharing of the vision |
| Resources | Accountability |
| Follow-up | Observation and monitoring |
| Corrections | Analysis and imagination |

Most operators excel in their respective fields of activity. Because they are recognized for their skills, they go into business for themselves in the sector concerned. They succeed by supplying a product or service of superior quality. Their enterprises become an extension of themselves, of what they do and of how they do it. They are people who "do things" and market them. They

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need people around them who will do as they are told.  They expect the job to be done properly, as they themselves would have done it.  Their organizational systems focus on stability.

Visionaries, however, seem to need to be outside the norm.  They need to build things that go beyond what already exists.  They are less concerned with doing things, and more concerned with designing models to serve as a basis for the context in which they will have things done. They need people around them who can act independently and do what needs to be done, so that they can devote their own efforts to developing new things.  Their organizational systems change quickly, often in a fairly chaotic atmosphere where some projects succeed and others fail, but where the overall results are generally much better than average in their sectors.

We can now look at the general learning (Table 5) and know-how (Table 6) required to prepare future entrepreneurs in each category.  If we look at the types of activities preferred by each category, it is clear that operators focus much more on learning related to their own know-how, which itself is closely connected to their operations, while visionaries need more formal and informal learning on a wider variety of subjects that can be used by themselves and by the people around them.

**Table 5**
**General Learning**

| Operators | | Visionaries |
|---|---|---|
| Product – market | Knowledge | Market – sector |
| Distinction | Self-awareness | Differentiation |
| Operations | Know-how | Delegation |
| Sustainability | Awareness of future self | Growth |

Exercises have been designed to prepare each type for entrepreneurial practice.  Obviously, operators prefer very concrete exercises concerning performance and know-how.  Visionaries, on the other hand, prefer exercises involving imagination, creativity and projection, and anything to

do with environmental trend analysis. It is useful to separate the learning and to design learning exercises according to the different categories of knowledge to be acquired. Pride of place will inevitably go to know-how, which is, however, different for the two categories.

**Table 6**
**Know-How Learning as Preparation for Activities**

| Operators | Visionaries |
|---|---|

Strategic Level

| Operators | Visionaries |
|---|---|
| Information on the product | Information on the market |
| Identifying opportunities | Identifying business opportunities |
| Analyzing feasibility | Formulating visions |
| Involvement | Communications |

Structural Level

| Operators | Visionaries |
|---|---|
| Management principles | Systemic design |
| Organizational rules | Organizational design |

Operational Level

| Operators | Visionaries |
|---|---|
| Operations management | Operations design |
| Operational and/or sales skills | Inter-personal skills |

**Discussion and Conclusion**

The purpose of this text was to illustrate the utility of typologies in targeting and preparing learning. Screening tests have not been established to pre-select the people in each category. However, if models of the different types, together with the related learning processes, are presented, would-be entrepreneurs are able to situate themselves better in their entrepreneurial preparation and progression.

The conceptual bases used to develop typologies can be questioned and criticized. For example, in the case of the typology presented in this paper, we might question whether a management reference framework developed in large organizations – i.e. the PODC – is suitable as a basis for an entrepreneurial typology. Whatever the reference framework selected, it will contain certain

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deficiencies. One of the difficulties common to several typologies is the fact that they are based on entrepreneurial categories drawn from very different sectors and contexts. For example, a self-employed service provider may be placed in the same category as a retail franchise operator. In the typology used in this paper, we have used only small business owner-managers in the manufacturing sector. Whatever the difficulties and limits, however, the fact of working with typologies in management as well as in entrepreneurship education appears to have more advantages than disadvantages.

Entrepreneurship education can include different dimensions and levels. Before considering the typologies, it is important to establish the general basic training available to all entrepreneurial categories. Subsequently, as far as possible, it would be better for courses and programs to be prepared on the basis of typologies. For example, after one or more general introductory courses in the field of entrepreneurship, it is useful to separate self-employed, small business owner-managers, family business leaders and intrapreneurs for courses on the business plan. At the very least, each group should have sufficient space to be able to work and progress within its own perspective and interests. It is also useful to separate, or at least identify, the various types for courses in management, strategy and development. Operators and visionaries have systems developed from different roots. They will need to learn to develop their respective systems consistently. It is here that it is advantageous to use the characteristics of the two types.

Entrepreneurial learning through entrepreneurship education has its limits. The question is this: how far is it possible to go in the classroom – and how far can a class be segmented? One thing is certain: we need a set of varied but complementary teaching approaches and strategies. Approaches based on typologies will certainly help us refine the methods we use to design and practise entrepreneurship education. Pushed to its limit, most entrepreneurship education would benefit from being more personalized and custom-designed.

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# THREE QUESTIONS

## 1.    Validity of the conceptual basis on which typologies are based?

The conceptual bases used to develop typologies can be questioned and criticized. For example, in the case of the typology presented in this paper, we might question whether a management reference framework developed in large organizations – i.e. the PODC – is suitable as a basis for an entrepreneurial typology. Whatever the reference framework selected, it will contain certain deficiencies. One of the difficulties common to several typologies is the fact that they are based on entrepreneurial categories drawn from very different sectors and contexts. For example, a self-employed service provider may be placed in the same category as a retail franchise operator.

## 2.    Relevance and utility of typologies?

Whatever the difficulties and limits, the fact of working with typologies in entrepreneurship education appears to have more advantages than disadvantages.

## 3.    Limits of segmenting entrepreneurship education?

Entrepreneurial learning through entrepreneurship education has its limits. The question is this: how far is it possible to go in the classroom – and how far can a class be segmented? One thing is certain: we need a set of varied but complementary teaching approaches and strategies. Approaches based on typologies will certainly help us refine the methods we use to design and practise entrepreneurship education. Pushed to its limit, most entrepreneurship education would benefit from being more personalized and custom-designed.