Operators and Visionaries: Differences in the Entrepreneurial and Managerial Systems of two Types of Entrepreneurs

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ABSTRACT:

Following an empirical study of the managerial systems of 116 entrepreneurs, the subjects were divided into two types. A total of 42 were classified as operators and the remaining 74 as visionaries. The managerial systems of all the sample entrepreneurs were analysed using Filion’s Empirical Systems Modeling Methodology with consideration for Fayol's management key basic elements: planning, organizing, commanding and controlling. Each of the two types had its own activity system. For the operators, the activities were selecting, performing, assigning, allocating, monitoring and adjusting. For the visionaries, they were visioning, designing, animating, monitoring and learning.
Operators and Visionaries: Differences in the Entrepreneurial and Managerial Systems of two Types of Entrepreneurs

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INTRODUCTION

The machine metaphor (Morgan, 1986) emerged from Fayol's (1949) reflections after decades of management in the mining sector, and from the work of Emerson (1912) and Gulick and Urwick (1937). This article examines the managerial systems of two groups of entrepreneurs—operators and visionaries—from the perspective of the managerial activities of the machine metaphor (planning, organizing, commanding and controlling (POCC)). In other words, it looks at how the entrepreneurs behave with respect to these four basic elements presented as the classical approach to managerial activities.

MANAGERIAL PROCESSES

Mintzberg (1973) described the tasks of managers as varied and fragmented. The same adjectives can be applied to the work of entrepreneurs. The central question underlying our research was this: Behind their sometimes feverish activity, what managerial thinking systems do entrepreneurs use as a basis for their actions?

At the time the research began, in the mid 1980s, the literature on small business management showed that the classical POCC approach as generally used to teach corporate management (Katz and Rosenzweig, 1985; Koontz and O'Donnell, 1955, 1976)1 was more often than not applied unchanged to small business management (Davis and Whybark, 1976; Schollhammer and Kuriloff, 1979; Charan, Hofer and Mahon, 1980; Hodgetts, 1982; Tate, Megginson, Scott and Trueblood, 1982; Broom, Longenecker and Moore, 1983; Curtis, 1983; Fowler, 1984; Gaedeke

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1 These particular books are mentioned as, for decades, they were amongst the most renowned classic textbooks for teaching basic management.
and Tootelian, 1985). While this bias has become less marked in recent years (Julien and Marchesnay, 1987; Anderson and Dunkelberg, 1993; Burns, 2001; Stokes, 2001; Hisrich, Peters and Shepherd, 2005), the POCC elements still appear in various forms as the basic underlying structure to introduce students to small business management in most books on the topic. The same trend seems to exist in small business management courses (Vesper, 1985 and 1993; Menzies and Gasse, 1999). However, no specific approach has yet been developed using models taken from empirical studies of the managerial processes of entrepreneurs.

The research described here examines the activity systems of 116 entrepreneurs. It shows that, contrary to the claims of some authors, the managerial methods of these entrepreneurs do not follow formal POCC logic. Although a lot has been said about managerial differences in small and large firms (Hartmann, 1959; Welch and White, 1981; Hoy and Carland, 1983), very few authors (Vesper, 1993, 1994) have produced entrepreneurial or small business managerial models based on empirical data. The following pages propose two median managerial models drawn from the systems of entrepreneurs studied who were divided into two types—operators and visionaries. The text describes, explains, analyses and discusses the findings. The nature of the visionaries’ managerial system explains why their firms internationalise more than those managed by operators.

**METHODOLOGY AND SAMPLE**

The research was applied, qualitative and exploratory in nature. It was divided into two phases. In the first phase, managerial activity models were identified and classified by superimposing the individual models of all the subjects. In the second phase, the models developed were controlled and adjusted. Filion’s (1999) Empirical Systems Modeling Methodology (ESM), based on Checkland's soft systems approach (1981, 1999), was used to establish the activity models. It consists in identifying a human activity system based on the root definitions and conceptual framework used by the subjects to develop their activity systems. In this case, the reference framework dealt with the managerial systems thinking related to the POCC elements. To qualify as subjects, the entrepreneurs were required to own more than 50 percent of the firm's shares. In fact, in all but three cases they owned more than 80 percent. Table 1 shows the distribution of subjects by country and by type. The interviews were carried out over a period of eight years.
Table 1
Cases Studied
Entrepreneurs

<table>
<thead>
<tr>
<th>Countries</th>
<th>Visionaries</th>
<th>Operators</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>12</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Sweden</td>
<td>5</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Scotland</td>
<td>10</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>28</strong></td>
<td><strong>14</strong></td>
<td><strong>42</strong></td>
</tr>
<tr>
<td><strong>Phase 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Brazil</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Canada (small bus)</td>
<td>6</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Canada (large enterprises)</td>
<td>8</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Estonia</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>France</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>8</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Madagascar</td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Nepal</td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Slovenia</td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Thailand</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>46</strong></td>
<td><strong>28</strong></td>
<td><strong>74</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>74</strong></td>
<td><strong>42</strong></td>
<td><strong>116</strong></td>
</tr>
</tbody>
</table>

The group used in the first phase comprised 42 small manufacturing businesses recognized for their success. They had all won at least one major prize—Enterprise of the Year, Exporter of the Year, etc.—and had been the subject of newspaper and magazine articles. A "small manufacturing business" was defined as a process enterprise employing up to 250 people.

The phase two group included firms of all sizes in the manufacturing, retail and service sectors. Eight large Canadian firms, recognized for their success and created by the entrepreneurs currently running them, were studied to control the validity of the visionary model identified. Each employed more than 1,000 people. In Bangladesh, Estonia, Slovenia and Thailand, the businesses studied each had between 5 and 20 employees. In all other cases, they were medium-sized.

Semi-structured interviews of between three and five hours were held with each entrepreneur. In Scotland, semi-structured interviews of between one and two hours were also held with everyone.
in direct contact with the entrepreneur (employees, executives, board members and bank managers). All the interviews except those conducted in Scandinavia were taped.

The research covered the period from 1985 to 1993. In Table 1, the phase one enterprises (1985–1986) are shown by country in chronological order, and the phase two enterprises (1986–1993) by country in alphabetical order, since in this latter case some of the countries were visited more than once during the period.

Following the interviews, the entrepreneurs were classified as operators or visionaries on the basis of innovation. In other words, if they had introduced a major innovation such as a new product or a new market, they were classified as visionary entrepreneurs. In almost every case, the visionaries headed growing enterprises. Four of the visionaries were women.

The author has already published a number of papers and books dealing with the entrepreneurial systems of the successful entrepreneurs studied (Filion, 1990, 1991b and c); the methodology used (Filion, 1991a, 1993, 1999); the effects of the entrepreneurial models on strategic management (Filion, 1989a) and entrepreneurial learning (Filion, 1989b, 1994a); and the consequences of the models for the managerial process of small businesses (Filion, 1994b and c, 1996). This article examines the last aspect in greater detail, although the discussion will be restricted to the key elements of the machine metaphor—planning, organizing, commanding and controlling. The implications of each type of managerial pattern for international activities are briefly discussed.

THE MANAGERIAL PROCESS OF OPERATORS

The managerial process activities of small business operators—those who have not introduced a major product or market innovation and whose businesses have not grown quickly or as much—seem to be much more limited than those of visionaries. Some 80 percent of operators acquired their businesses or took over from a partner, and did not play a key role in venture creation. In 90 percent of cases, the enterprises have remained small (less than 20 employees in the manufacturing sector). These entrepreneurs can truly be described as operators because they tend to be "one-man bands". In most cases, the enterprise could not survive the absence of its leader for more than a few days, or a few weeks at most. Figure 1 shows the operator's activities in diagram form, and Table 2 provides a summary description.
Figure 1

THE MANAGERIAL PROCESS OF OPERATOR ENTREPRENEURS

Table 2
Managerial Process Activities of Operator Entrepreneurs

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select</td>
<td>Identify and select a business sector</td>
</tr>
<tr>
<td>Perform</td>
<td>Perform technical, management and business activities</td>
</tr>
<tr>
<td>Assign</td>
<td>Use human resources and assign tasks</td>
</tr>
<tr>
<td>Allocate</td>
<td>Make available the material resources needed to perform tasks</td>
</tr>
<tr>
<td>Monitor</td>
<td>Monitor some of what is done</td>
</tr>
<tr>
<td>Adjust</td>
<td>Make corrections to methods</td>
</tr>
</tbody>
</table>
Selecting

When small business operators identify and select a business sector, their selection criteria seem to be based on their own abilities. In other words, they choose a sector that corresponds to their own vocational or skills training, which has often been acquired by hands-on experience. They know they will be able to use their existing skills or develop new skills to enable them to operate within the sector. Market considerations are present, but do not seem to be as important as expertise or competency to carry operations and eventually to manage operations in the chosen field. Some operators seek out an enterprise in a particular field because they feel confident of success, given their experience or expertise. Others take over a family business and continue by choice to manage on essentially the same terms as before, except for a few minor reorganizations. In some cases, the sample operators had actually started the business, but only because circumstances forced them to do so. For example, an acquaintance or employer offered them the chance to subcontract and they started a spin-off.

Performing

For the most part, small business operators perform the majority of technical, managerial and business tasks themselves. This is especially true in small businesses in Asia, where operators spend a lot of time working on production or sales, operating equipment or replacing absent employees. Even in medium-sized businesses with qualified employees, operators follow operations very closely and seem to leave less space and latitude to their employees than do visionaries. They spend more time than visionaries on everyday activities—for example, following up on orders. In the operator system, organizational flows are less chaotic and more regular than in many of the businesses headed by visionaries. For example, work tends to be concentrated around the operator's area of specialty. In businesses run by visionaries, overtime is commonplace as new methods, products and uses for existing products are developed.

While small business operators have guiding principles, these are far from being the well-articulated visions of the visionaries, although visionaries rarely have absolutely clear visions. In some respects, everyone has a vision of some kind, or has thought at least briefly about his or her life's project. But, for the operator, this is not a structured visionary process or an articulated vision as described for the visionaries later in this paper.

The operating systems of small business operators seem to lie much closer to what has to be done. Operators accomplish a lot but spend less time communicating what they want to do—a vision—and less time discussing the "hows". In many such enterprises, communication time is limited and is seen as time lost. The bulk of the effort goes towards performing concrete tasks. Discussions on market development and vision were considered by almost all the sample operators to be a waste of time. They felt they should be getting on with things. More importantly, they felt that, if they did not do this, they ran the risk of not having sufficient cash on hand to pay the next week's or next month's salaries.
Assigning

Not only do operators prefer the concrete aspects of business to abstract notions, but their relations and communications with the people around them also seem very task-oriented. They value people who do what they are asked quickly and well. Although employees may be assigned tasks on a regular basis, they are required to be flexible so as to be able to respond to the unexpected, especially in the service sector. Here again, however, medium-sized business operators, and small business operators in particular, tend to keep an eye on operations. Each employee has a main task to perform, but is often required to perform other tasks as well. This phenomenon was also observed in the businesses headed by visionaries. It seems that the more the enterprise grows, the more it can integrate specialists. The smaller it is, the more it seems to require employee versatility. By definition, a small or medium-sized business lacks resources and needs an organic-type organizational architecture where adjustments are made daily in response to events and circumstances such as absences, unexpected orders, delivery truck breakdowns and so on. The difference in companies led by operators rather than visionaries is that the operators themselves are at the core of the action, orchestrating adjustments on a daily basis so that the business can continue to function. Visionaries, on the other hand, train their employees to respond to the unexpected. In other words, for operators, the process of visioning, designing and animating remains at an embryonic stage. They are more concerned with assigning tasks to obtain immediate, concrete results.

Allocating

Operators use resources sparingly. Their human resources have to work hard and use the minimum of material resources. Operators monitor resource use very closely and, as they are often short of capital, will wait before replacing equipment, buying new machinery or introducing new manufacturing processes.

In fact, the triangle within which most of the operator's management process activities seem to take place is defined by three elements: performing tasks based on highly informal planning, assigning tasks to be performed, and allocating resources. Important decisions for the enterprise—decisions that take time—seem to depend to a large extent on this last element. For example, an operator will sometimes agonize for years over the decision to purchase a new piece of equipment before finally taking action.

Monitoring and Adjusting

For operators, even more than for visionaries, monitoring is a highly selective and almost non-existent activity, generally associated with accounting data. Nearly all the small businesses managed by operators studied in this research had no idea of their exact cost price. Expenses were followed closely to see if profits were being made, and operating costs were kept as low as possible. However, monitoring of what was being done within the enterprise and how it was being done, with a view to learning and improvement, seemed to be much less systematic in the enterprises run by operators than in those run by visionaries. Operators monitor specific elements with a view to making adjustments—sometimes methods, but more often resources, especially raw materials. Operators carry out technical monitoring and some accounting control, but very
little managerial monitoring. For them, what matters is an operation that produces satisfactory results given the money and time invested.

As many of them are craftsmen, however, they also strive to make sure their product is of outstanding quality. Some operators are remarkably skilled in their fields or trades and control output rigorously. They will sometimes work on quality at the expense of profitability. Many different types of small businesses exist, of course, with many different operator skill levels and many different product quality levels. Our sample contained a few small businesses where management required a very high level of technical or engineering skills.

Generally speaking, most of the operator-run small businesses studied for the research carried out selective monitoring rather than rigorous control. The approach of the operators seemed in some ways to be closer to the monitoring performed by visionaries than to the more systematic control carried out by professional managers in big corporations. Overall, however, it was less extensive and less organized.

THE MANAGERIAL PROCESS OF VISIONARIES

Human activity systems can be mapped or represented in many different ways, even where, as is the case here, the system boundaries are fixed around managerial activities related to the POCC elements. The researcher's options become clearer as more data is collected. After five to ten cases, trends emerge (Filion, 1999). Subsequent cases serve to clarify, refine, adjust and control the model produced, in this instance by using Filion’s (1999) framework to superimpose the models obtained from the earlier cases and analyses. Figure 2 illustrates the five principal elements in the managerial process of visionaries, and Table 3 lists a number of composite factors for each element. Managerial activities are based on these elements. In other words, the elements provide the framework within which visionaries perform their managerial activities. The following sections describe and explain the five elements and comment on how the process functions.
Figure 2

THE MANAGERIAL PROCESS OF VISIONARY ENTREPRENEURS

LEARN

Monitor

Animate

Design

Vision

LEARN
### Table 3
Managerial Process Activities of Visionary Entrepreneurs

<table>
<thead>
<tr>
<th>Main Elements</th>
<th>Component Elements</th>
</tr>
</thead>
</table>
| **Vision** (See figure 2) | - Identify an interest in a business sector  
- Understand a business sector  
- Detect a business opportunity  
- Target a niche in a different way  
- Imagine and define an organizational context  
- Plan |
| **Design a business architecture** | - Formulate complementary visions: management tasks and activities to be performed  
- Structure the activity system  
- Organize |
| **Animate** | - Link tasks to human resources  
- Recruit, select and hire human resources  
- Direct human resources towards the realization of complementary visions  
- Communicate, motivate  
- Lead |
| **Monitor** | - Monitor achievements and resources used, including time  
- Compare with forecasts and analyse differences  
- Correct, adjust, improve |
| **Learn** | - At every stage, question what has been done and how it has been done  
- Consider alternatives  
- Seek elements of consistency  
- Reason  
- Imagine  
- Define and redefine central vision and complementary visions |

### Visioning

Vision is defined as "an image projected into the future of the market space to be occupied by the products and the type of organization needed to achieve this" (Filion, 1991a: 109–110). Three categories of vision have been identified: emerging visions (ideas for future products or services); a central vision (the outcome of one or more emerging visions) in two parts—the external part, i.e. the market space to be occupied by the product or service, and the internal part, i.e. the type of organization needed to achieve this; and complementary visions, or the management activities needed to support the realization of the central vision (Filion, 1991b). The action of visioning comprises six composite elements performed as consecutive steps. These elements are shown in diagram form in figure 3.
Figure 3

VISIONING

Planning

Imagining and defining organizational contexts

Targeting a niche in a different way

Detecting business opportunities

Understanding a business sector
An entrepreneur's interest in a particular business sector may originate from many different sources. It is triggered by one of three levels of relations (primary, secondary and tertiary) (Filion, 1989a and b, 1990, 1991a). The younger the entrepreneur at start-up, the greater the influence of the family environment (primary relations) will be. The older the entrepreneur, the greater the influence of business contacts (secondary relations) or previous experience and learning activities, usually work-related (tertiary relations). Interest in a particular sector is initially vague, but tends to become more specific over time—although none of the entrepreneurs interviewed for this research had a clear idea of where they would be in ten years' time, and none who had built a multinational enterprise knew their enterprise would reach such a dimension when they created it. Interest constitutes the "groundwork" for what will become the root definition or pivot of the system. Progress depends on the ability to institute working methods and concentrate on one or a few emerging visions. The initial interest leads an entrepreneur to focus on, examine, analyse and try to understand the chosen sector.

Understanding demands a minimum level of knowledge. A vision is a projected image of a desired future state—a realistic and achievable dream. The more complete the entrepreneur's knowledge, image and understanding of a business sector, the more realistic the vision is likely to be. It is difficult to envision a market niche to be occupied in the future without a clear understanding of the spaces already occupied by others in the sector. At least six elements are brought into play here: the entrepreneur's intellectual capacity and level of education, the position held when the knowledge is acquired and the reason for its acquisition, how well the entrepreneur understands the sector and, lastly, the time taken to really get to know a sector. This last element may vary considerably depending on the relative complexity of the sector in question.

In our sample, no correlation was observed between level of education, educational success, the discipline studied and business success. However, the younger and less experienced visionaries clearly needed more time to understand how the sector functioned. Entrepreneurs with an entrepreneurial family background have a net advantage here, since informal learning seems to be more important than formal education. The position occupied when the market knowledge is acquired and the reason for acquiring this knowledge determine the angle and viewpoint, and will dictate how far the subject needs to go in the knowledge acquisition process. People with experience in sales and marketing have a head start. Whether they start the business themselves, acquire it or play a general managerial, sales or marketing role in an existing enterprise, their chances of visioning accurately will increase at the same rate as their understanding of the market. This understanding, in turn, seems more complete because they have been exposed for longer periods to more stakeholders from the target sector. The time needed to understand a sector and begin to develop visions in it depends on all these elements, and also—more particularly—on the entrepreneur's business expertise and the complexity of the sector. All the visionaries interviewed who had started their businesses when they were fairly young said that, in retrospect, it took between five and ten years to understand the sector fully. It is difficult to measure an entrepreneur's understanding of a business sector. It seems that some will never achieve a clear understanding, although they think they have. Some had a clear understanding of their sector at one time, but have not kept pace with changes in the sector. The sample visionaries who had extensive experience in one sector and subsequently started a successful business in another had all worked hard for between one and two years before they acquired sufficient knowledge of the new sector to develop their visions—in other words, to conceive a niche or space to be occupied in a new way.
Detecting business opportunities requires intuition, intuition requires understanding, and understanding requires a minimum level of knowledge. None of the visionaries interviewed for the research had detected an opportunity, started a business and succeeded without thorough prior knowledge and understanding of the sector. However, it often happens (in nearly 50 percent of cases) that visionaries realize intuitively that a particular sector offers interesting possibilities. They go on to explore and work in that sector, but may then take some years to identify the niche they will finally occupy. Here, the action of "detecting" is more akin to awareness, inkling or intuition. An entrepreneur will have an intuition that something is possible in a particular market because he or she knows and understands enough about that market to understand its operation and be able to detect opportunities. The process moves from the general to the specific. The opportunity often consists in occupying a segment that nobody has thought of occupying in that particular way before.

Some of the visionaries interviewed had innovated not by launching a spectacular new product, but by bringing together a set of activities that made a significant difference to the ways things were done in their sector: reducing costs, improving quality or providing a faster service. This was the opportunity they had identified, and it was this that had earned them their competitive edge. Growing numbers of opportunities seem to be derived from the aspect of "time"—not only choosing the right time, but offering a product or service in a shorter time. The research described here suggests that the visionaries who succeed are those who proceed gradually, step by step. They learn to concentrate, to set limits on their activity, to define it, to focus on a goal, to target an objective. The choice of initial target and the subsequent gradual adjustments to it make all the difference. In this respect visionaries are rather like strategists. If visionaries do not learn to focus, it will become difficult, if not impossible, for them to realize their visions. Some of the visionaries interviewed came across as highly intelligent and full of bright ideas, but they had never learned how to target and so their businesses had not grown. The basic elements in the visionary process seem to be an understanding of the sector, the ability to identify an unmet need, and thus a business opportunity, and the imagination to envision and then target a niche to be occupied in a different way.

The market space or niche to be occupied, once identified, forms the core element around which the entrepreneur imagines and defines the organizational context needed to achieve the desired end. Visioning, in essence, means identifying and giving meaning or direction to subsequent activities. Visionaries learn to know and understand their sectors. They detect business possibilities, imagine, define and target the market space they intend to occupy, and then design the type of organization needed to do so. Once the vision has been imagined, it is developed, shared, corrected and adjusted, not in terms of its basic content but in terms of the many different activities that have to be performed to continue towards fulfillment of the vision. A vision is not static; it is a process in constant evolution. How it evolves depends on the entrepreneur's relations system. It is the people around the entrepreneur who will make it possible for the vision to be realized and who will enable it to develop. The vision itself and the activities needed to realize it become implicit criteria in the selection of collaborators. This plays a major role in explaining future success.

The heart of the entrepreneurial process—and the aspect that most distinguishes visionaries from operators—seems to lie in the development and implementation of the systemic thinking that leads to the visionary process. Operators seek to achieve goals and objectives with the resources
available, within a predefined or copied framework. Visionaries, on the other hand, spend a large part of their time imagining and establishing both where they want to go and how they will go about getting there. In some ways, visionaries are detectors of market spaces and designers of structures. Once an opportunity has been detected, the vision provides guidelines for the implementation master plan.

It is here that planning in its various forms can play a role. Very few of the sample firms, whether successful or not, had any form of detailed formal planning. Planning seemed to be dependent on financial demands and enterprise size. Only when a financial institution asked for plans or the enterprise had grown substantially did the sample visionaries produce more formalised planning tools such as budgets and strategic plans. In all the cases studied, very few formal plans existed before executive-level employees were brought into the enterprise. The visionaries seemed to develop informal plans—often without written evidence—in their minds, based on and guided by the vision. In all cases, they had a goal or objective and had established a number of reference points, but they made adjustments along the way.

The visionary process provides the elements of consistency that distinguish visionaries: knowledge and understanding of the market, and matching of internal and external relations system levels with the vision. These two aspects are in fact predictors of entrepreneurial success and achievability of the vision.

**Designing a Business Architecture**

Designing a business architecture means creating an organizational structure. In the machine metaphor as described by Fayol (1949), structure was function-based. Later, in classical managerial approaches such as those proposed by Koontz and O'Donnell (1976), it was broadened to include product-based, region-based, manufacturing process-based and customer-based structures, among others. Other elements were added so that sometimes complex matrix structures could be developed (Nadler, Gerstein and Shaw, 1992).

For visionaries, the process of designing or defining a business architecture is based on the market space they want to occupy. They identify a niche, and then imagine the type of organization needed to fill it—in other words, the central internal vision. They define the tasks to be performed (the complementary visions) and then identify the human resources needed. Here, the complementary visions and central internal vision—the management activities to be performed and the type of organization needed to perform them—are closely linked. The complementary visions emerge initially from the central internal vision that they subsequently help bring to fruition. Many of the visionaries interviewed emphasised the difficulty of defining the tasks to be performed and the problem of matching those tasks with the human resources needed. In the initial start-up phase, some work may be done in the evenings on a part-time basis by acquaintances of the entrepreneur. In the last two decades, since the 1980s, there has been a trend towards subcontracting. The phenomenon of outsourcing that has become such an issue in the public and corporate sectors affects small business in a number of ways. Many fast-growth firms have been subcontracting for some years, and subcontracting also provides a lot of opportunities for small businesses. Around 60 percent of the small Asian businesses interviewed for this research exist because they subcontract work, in the United States or Europe, from one or two customers in most cases and sometimes from three to five. Ultimately, the Western world is
heading towards an enterprise model where one small unit composed of a handful of highly efficient vice-presidents will manage by subcontracting almost everything. A small R&D team, under the authority of a V.P., will design products on the basis of market surveys subcontracted by the V.P. Marketing. The V.P. Finance will negotiate financing, the V.P. Operations will subcontract production in the Yellow Belt (between Japan and Singapore), the V.P. Sales will distribute and the V.P. Marketing will subcontract publicity to advertising agencies. The management methods and activities that make subcontracting possible call for an imaginative organizational architecture. Emphasis lies neither on the management of operations nor on manufacturing but on product design and marketing.

The architectural frameworks imagined by almost all the successful visionaries interviewed were original enterprise forms that often did not comply with the rules of organizational structure and hierarchy, but that were ideal for achieving the visionaries’ own particular central external visions. For example, Jean Coutu Drugstores, a highly successful drugstore chain in Québec, has no marketing department. And yet, the chain is known for its aggressive marketing strategies. Every name on the organization charts is marked with an asterisk, referring the reader to a footnote stating "the primary responsibility of this person is customer service". In other words, customer service is the raison d'être of every one of the organization's employees, and they are expected to adopt a customer-directed marketing approach in everything they do.

Other sample firms, even those employing more than a hundred people, had very few hierarchical levels. Some had established systems in which each employee had a high level of responsibility, enabling the organization to function like a self-winding, self-regulating watch, with little or no need of outside intervention. The employees' role was to develop a product or market, structure its development under someone else's authority, and then continue to develop other things.

Management literature has much to say about the concepts of "reengineering", "downsizing" and "rightsizing" (Davenport, 1993; Hammer and Chamky, 1993). Data gathered in this research show that visionaries act in accordance with these concepts and generally design their organizations so as to use resources sparingly. They have learned to maintain slimline organizations with emphasis on line functions and responsibility. The advisory function is practically absent. The focus is on vision, mission and operations. The employees work hard and are committed to what they do.

The entrepreneur's experience of the sector is extremely valuable, especially in the initial venture creation phase so crucial to success. It is here that visionaries can organize their businesses to operate with fewer resources by subcontracting and investing less in production infrastructures. This leaves them the time to take care of more essential matters, such as strategic management.

**Animating**

The vision acts as a guiding framework and provides the entrepreneur with pointers for organizing and performing activities. It also serves as a criterion in the selection of new resources, especially human resources. As was the case for designing, animating includes internal elements and external elements such as subcontracting. The managerial role of visionaries seems to be more akin to animating than to managing. Successful visionaries invest more time, energy and resources than the others in recruiting, selecting and training appropriate, competent human resources. They also spend more time communicating what they want to achieve, their vision,
what they expect, and their complementary visions. Their example of leadership and energy acts as a driving force or catalyst, and the people around them have to achieve a lot, often with very few resources and within very short timeframes. The focus is on the task. The visionary entrepreneur initiates a dynamic that demands ongoing interaction between operations and the design process. Initially, the entrepreneur's constant presence has a strong influence on the design-dynamic relationship. Subsequently, as people are trained and can be relied on to do the work properly, the entrepreneur moves on to new activities. Visionaries in fast-growth firms tend to delegate all they can and work only on development.

The analysis of the sections of the interview texts concerned with enterprise management or animation included several comments on the imagination and judgment shown. What we see in such enterprises is not management in the classical sense, but a kind of animation that is more invasive, more complete and more motivating. Vision plays a key role in a process where everyone works with conviction towards a goal.

Visionaries delegate more easily than operators because they seem better able to develop an overview of the whole task and its place in the organization. They seem to have realized that their action will have more impact if they delegate all they can and concentrate on developing and designing new elements. However, many of them do not delegate easily tasks in their original areas of expertise. Visionaries whose first love was R&D, production or sales will continue to manage that sector, often for some years and in some cases for as long as they remain in the business.

**Monitoring**

The term "controlling" means inspecting or examining something closely, in detail and systematically. It usually implies authority or some form of domination. "Monitoring", on the other hand, means overseeing developments or observing. It involves follow-up to ensure internal coherence. The focus of interest is the overall result. The aim is not to control each part of the system, but to monitor overall development with an eye to the final result. This does not mean that the entrepreneur will not intervene at all. It does mean, however, that control will be exercised with a view to learning in order to correct, adjust and make improvements.

A distinction must be drawn here between monitoring in the management sense and monitoring in the accounting sense. Of all the sample visionaries, only one maintained full control over expenses and signed all cheques. In a fast-growing enterprise employing 250 people, this required a lot of time. During the interviews with this particular entrepreneur, an employee interrupted every ten to fifteen minutes to obtain approval for an expenditure (sometimes only a few pounds—this was in Scotland) or to have a cheque signed. In all other cases, however, the sample visionaries simply monitored the accounts on a periodic basis, sometimes weekly but usually monthly.

Monitoring in the management sense seems to be a more constant concern among visionaries than among operators. They design tasks and then follow developments, making periodic adjustments until they achieve a proper, effective and efficient form of operation. Subsequently, they monitor the situation sporadically and selectively. If a problem arises, they intervene, this time with major corrective measures. They will analyse the reasons behind the problem. Often, they will
restructure all the related activities. Depending on the circumstances, visionaries seem willing to use all the power that flows from ownership to structure or restructure elements that do not work until they obtain the desired results. This is one of their strengths, and a distinct competitive advantage.

Nevertheless, monitoring was found to be the "Achilles heel" of almost all the sample visionaries. In the early days after start-up, very little formal planning is done and therefore very few specific guidelines exist for assessing results in terms of time taken, products produced and resources used. It is important to remember that these people often work on things that are new and highly innovative, which means they have very few points of reference even if they are experienced in the sector. Overall, we observed very few detailed controls such as would be found in large firms. Instead, the visionaries carried out selective monitoring on a sporadic basis. Monitoring was not a major element in the managerial activities of our visionaries. They did not consider it to be important, and it was therefore done properly only when they had found someone to whom they could delegate it. As the firm grew, the monitoring process tended to become more formalised, until it closely resembled the accounting-type control widely practised in large firms.

Learning

Successful visionaries never stop learning. Collins and Moore (1970) were among the first to identify this as one of the very clear distinguishing features of successful entrepreneurs. Learning, the acquisition and expression of technical and managerial know-how, becomes a way of life for successful visionaries. It is a form of ongoing and often very detailed monitoring-reflection-digestion of what is happening. It leads to corrections, adjustments and improvements to what is done and how it is done. Visionaries are motivated to learn by their vision, which also helps them establish guidelines for what they need to learn. Ten percent of our sample visionaries identified themselves as having been dilettantes, "dabblers" or drifters with no interest in learning before they identified their vision. The vision seemed to create a centre of interest that motivated them to make changes in their lives.

As they progress through the visionary process, visionaries become more and more motivated to learn. Generally, they like learning around and working on concrete issues, and almost all find it difficult to handle abstraction, such as strategic notions. This is particularly true of visionaries who do not have a university education. This learning culture and learning lifestyle is not always shared with the people around them, except when things do not work. In such cases, group meetings and post-mortems are held to try to establish exactly what went wrong. As long as they continue to learn, visionaries continue to succeed.

DISCUSSION AND CONCLUSION

The literature on entrepreneurship contains a body of work that discusses the differences between managers and entrepreneurs (Hartmann, 1959; Gasse, 1978; Scholhammer and Kuriloff, 1979; Kent, Sexton and Vesper, 1982; Sexton and Smilor, 1986; Bellu, 1988; Sexton and Kasarda, 1992; Sexton and Smilor, 1997; Filion 1998a). However, little has been said about the differences between growing entrepreneurs and small business owner-managers (Smith, 1967; Leibenstein, 1978; Julien and Marchesnay, 1987). To our knowledge, no one has yet approached this question...
from the perspective of managerial activity systems, as we have done here. Interestingly, researchers who examined other aspects have reached conclusions similar to our own. Taylor and McRae (1990), for example, identified more similarities between entrepreneurs and small business managers than between small business managers and corporate executives. Blais and Toulouse (1991), in a comparative study of 1,338 entrepreneurs and 1,553 non-entrepreneurs in seven countries, found that the entrepreneurs tended to value entrepreneurship, while the non-entrepreneurs valued job security. Hoy and Carland (1983) and Carland, Hoy, Boulton and Carland (1984) showed that only a small percentage of small businesses are led by true entrepreneurs (between 21 percent and 32 percent in the United States). Although comparisons of this nature are difficult for Europe, our sample suggests that a figure of 10 percent would probably be quite generous. For example, in 1985 it took more than two months of intensive work to identify 20 successful small business entrepreneurs in Finland, more than a month to identify fifteen successful entrepreneurs in Scotland. In the same year, a similar process in the French-speaking region of Switzerland produced just ten successful entrepreneurs from a list of more than 400 small businesses.

The research has shown that the activities in the managerial systems of operators and visionaries differ substantially from those in the managerial systems of corporate executives, in that they seem to be more organic than mechanistic, although in the case of operators running small or medium-sized businesses, operational flows were found to be much more regular. The major difference between the systems of operators and visionaries lies basically in the root definitions. Operators simply want to put their skills to good use in order to earn a living. Nearly 90 percent of the sample operators worked to a fairly strict schedule, rather as though they had a responsible job in a large firm. Visionaries, on the other hand, have "realistic dreams", or visions, that they are committed to realizing. The enterprise occupies a much less important place in the lives of operators than is the case for visionaries. The entrepreneurial system is all-embracing and totalitarian, both for the entrepreneurs themselves and for the close collaborators they employ to help turn their visions into reality. For the operators, their professional lives are just one dimension of their overall life systems, in which other elements—family, leisure activities, hobbies—are equally if not more important. These distinct root definitions lead them to construct very different managerial activity systems, which operate in very different ways. Visionaries tend to initiate development, while operators perform operations. The root definitions selected reflect very different entrepreneurial and managerial cultures.

A major difference in the type of social system constructed emerges from one of the more significant dissimilarities between operators and visionaries—the development of a vision. Operators hire human resources on the basis of the task to be accomplished, and will often choose someone they already know. For visionaries, however, the vision is a vital basic condition. Because these entrepreneurs have visions, they select employees who will be able to progress with them over time. Operators, on the other hand, often complain that their employees are incompetent. It is not difficult to understand why. The employees were hired for a specific task, but over the years, as the task changes, they no longer have the skills to perform it properly. In contrast, visionaries keep their human resources for many years and express high levels of satisfaction with their workforce. The time they spend communicating where they are going and what they expect of their employees enables the two sides to evolve together and adjust continually to one another. Rather than simply performing tasks, they are brought together around a psychological contract within which mutual respect and loyalty grow over time. They get to
know one another, their strengths, weaknesses and expectations. They continue to learn together, within separate but complementary spheres of activity. Over time, each side gradually becomes indispensable to the other. They build something together, and derive pleasure from doing so. When visiting factories or carrying out interviews, it was not rare to see visionaries and employees teasing one another, joking and exchanging smiles. Interestingly, visionaries seem to spend more time with particular colleagues or associates (as some refer to their employees). This depends on the pleasure they seem to derive from the company of these people and the supportive, harmonious relationships they form. They evolve, learn and create through the positive and energising atmosphere they initiate and maintain in their enterprise. Often new products or markets are developed as a result of highly stimulating relationships. When asked was he was doing, an employee working for an operator said: “I am building a wall”. When asked a similar question, an employee doing the same type of activity but working for a visionary replied: “I am building a new type of division that will enable work to be organized in a new way”. The latter seemed highly motivated and committed to contribute something worthwhile to society.

This research led us to reflect on entrepreneurial typologies (Filion, 1998b, 2000). It is difficult not to compare our operators and visionaries with Smith's (1967) craftsmen and opportunists. In this research, the observed behaviour of operators and visionaries closely resembles the managerial behaviour of the craftsmen and opportunists described by Smith. Smith also contributed to identify a subtype—the inventor-entrepreneur (Miner, Smith and Brocker, 1992). These authors thought this latter type could not be classified in either category. Our sample of entrepreneurs included four such people, who were classified as operators or visionaries according to how they had organized their activity systems. This offers an interesting avenue for future research.

Another dimension worth mentioning pertains to the international activities of the entrepreneurs and firms studied. The data for the research described here gave no special consideration to international activities, since interest in the topic has emerged fairly recently in entrepreneurship and small business research (Dana, 1994; Etemad, 2004; Orser, Riding and Townsend, 2004). However, it is interesting to observe that 50 percent of the sample operators carried on international activities, although none had initiated those activities themselves. The activities in question can be classified into two groups. In some cases the products were sold by wholesalers or cooperatives to foreign markets. In most cases, however, the operators involved in international activities who were located in Asia and working in the manufacturing sector were acting as subcontractors for larger firms in another country. The foreign firms had identified these operators and asked them to manufacture products for them. The operators had not chosen an international market—it had just happened. In contrast, seventy percent of the sample visionaries had international activities they had planned and developed, sometimes after many years of preparation. The smaller the market in their home country, the faster they became involved in international activities, exporting and in some cases subcontracting for larger firms. None had been involved in a specific alliance with a firm in another country, although most had specific contracts with firms in other countries to sell goods or to provide goods or services. All the large Canadian enterprises studied were involved in international activities. A typical pattern involved suppliers from Asia and/or sales in the United States and Europe. There seemed to be a close correlation between level of education, foreign language skills, especially English, and personal interest in a specific country. Visionary entrepreneurs often made several trips to the foreign country before doing business there. They saw exports as a necessary part of their growth process.
In presenting research of this nature, with so much data for a qualitative research, some choices have had to be made. For example, we have deliberately left aside any comparison of managerial activities, processes and systems between the different countries. Our comments on the literature, which was nevertheless examined in great detail before beginning the research, have also been limited.

The observed differences between operators and visionaries raise a number of questions not discussed in this paper. How does each type define success? What place does the business occupy in the criteria used to define success? What are the key roles played by each type? What skills, competencies and abilities are needed to function as an operator and as a visionary, according to the different managerial activity systems? For each group, it would also be interesting to establish a profile and identify more suitable selection criteria and training activities. For example, the greater concern with strategy shown by visionaries may be the result of conceptual abilities and practices that have been developed to different degrees. It would also be interesting to establish human resources contingency configurations that better reflect the respective systems of each group. Further work is also needed on the overall activity systems themselves. It may be interesting to present and compare them using other paradigmatic and metaphorical grids such as systems theory and the contingency approach. It would then be possible to try to construct universal activity system models for operators and visionaries as well as support systems better adapted to each type. Given the complexity of the phenomenon, future research, rather than taking a reductionist approach, could concentrate on identifying practical advice that would be of use to the men and women who plan to become entrepreneurs and to manage businesses.
REFERENCES


