

## Growing Pains (*Entrepreneur Magazine* - January 1, 2004)

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Contrary to conventional wisdom, the bottom line isn't the sole-or even the most important-factor entrepreneurs consider when they decide to pursue growth.

In "*What Do They Think and Feel About Growth? An Expectancy-Value Approach to Small Business Managers' Attitudes Toward Growth*" (*Entrepreneurship Theory and Practice*, Volume 27, Issue 3), Johan Wiklund, Per Davidsson and Frédéric Delmar found that entrepreneurs considering growth were much more influenced by noneconomic factors, like employees' well-being, than by economic factors, such as sales, profits and compensation.

The study examined data from 1,248 firms collected over a 10-year period to see what factors affected entrepreneurs' decisions to aggressively grow their companies. The most crucial factors in the decision to grow, the researchers found, were: 1) concern for employees' well-being (as the owner tries to preserve the appeal of the "small" organizational dynamics within the corporate culture), 2) a potential decrease in the quality of products or services if employees aren't happy with the effects of growth, 3) the owner's ability to spend time on tasks they enjoy more if employees are happy with the growth strategy, and 4) the firm's ability to survive various crises if employees are happy pursuing growth.

In other words, the entrepreneurs surveyed focused squarely on how employees would react to the firm's aggressive growth plan. And that reaction, in owners' opinions, wasn't necessarily good. Owners perceived that putting a major growth plan in place could result in possible decreases in

quality, increased time spent on work they didn't enjoy, and less employee support during a sales or cash-flow crisis, as employees could blame the crisis on the new growth plan.

Interestingly, though, entrepreneurs also believed their overall workload (hours per week) would be reduced significantly if they pursued growth. So is it worth it? If you bring your employees along step by step through the entire process of planning and implementing growth, you should be able to decrease their concerns and improve your prospects for success.