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# The Strategic Decision Making of Entrepreneurs within Small High Innovator Firms

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### ABSTRACT:

The study examined strategic decision making among entrepreneurs from small firms engaged in early stage commercialisation. It is based on a questionnaire survey of 57 firms and the results suggest that if entrepreneurs within small innovator firms feel the innovation can be commercialised with relatively few obstacles they will tend to downgrade the importance of external advisors. Greater value is placed on the views of customers and where the entrepreneur has the power to proceed with the innovation without recourse to other stakeholders he/she is most likely to go ahead if a positive response is received from leading customers. The article expands upon these findings to outline the design, development and application of a diagnostic assessment and screening tool to assist such entrepreneurs, formulate more systematic strategies than the response to an initial customer.

### KEY FINDINGS:

- Customers are the most important influence on future investment in innovations followed in turn by other senior managers and company directors. Professional advisors (e.g. accountants, lawyers & financiers) have the least influence;
- Most entrepreneurs listen to the advice of others, but ultimately make their own decisions. Their decision to invest in future innovations is based on their belief in its benefits to the customer and their firm;
- Entrepreneurs within small innovator firms may not seek external advice over their decision to invest in future innovations if they feel confident of their own decision making power;
- While the opinions of customers are clearly rated highly they are likely to be balanced by the views of others within the firm, particularly where the entrepreneur's personal power is offset by that of other directors or a Board of Governance;
- The process of risk assessment used by entrepreneurs from small firms is largely rudimentary and based upon a combination of customer feedback and the personal intuition of the entrepreneur;

### IMPLICATIONS FOR MANAGERS:

- Adequate analysis of the risks and returns to a future innovation should be undertaken with attention given to the end user demand, ability of the end user to adopt it, profitability of the innovation and threats to its long term sustainability.
- Analysis of the cost-benefit of a proposed innovation can be undertaken at an early stage using non-financial screening tools.
- Professional advisors have a critical role to play in the commercialisation process but entrepreneurs need to learn how to make best use of them via self-education.