

# **THE ENTREPRENEURIAL DILEMMA IN THE LIFE CYCLE OF THE SMALL FIRM**

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# THE ENTREPRENEURIAL DILEMMA IN THE LIFE CYCLE OF THE SMALL FIRM

How the Firm and the Entrepreneur Change  
during the Life Cycle of the Firm,  
or How They Should Change

BY

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United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited  
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2019

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**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

ISBN: 978-1-78973-316-7 (Print)

ISBN: 978-1-78973-315-0 (Online)

ISBN: 978-1-78973-317-4 (Epub)



ISOQAR certified  
Management System,  
awarded to Emerald  
for adherence to  
Environmental  
standard  
ISO 14001:2004.

Certificate Number 1985  
ISO 14001



INVESTOR IN PEOPLE

To Jan Westen, much more than a father-in-law

To my mother Helmi Masurel, always encouraging

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## About the Author

**Enno Masurel** (December 6, 1959) is a Full Professor in Sustainable Entrepreneurship at the Vrije Universiteit Amsterdam. His educational background is business economics; in the last decade, he has moved into the direction of business administration and entrepreneurship. His main activities are currently:

- Education: he teaches the course New Venture Creation and Development in the joint MSc Entrepreneurship (organized by the Vrije Universiteit Amsterdam and the University of Amsterdam), various electives in entrepreneurship at beta faculties of the Vrije Universiteit Amsterdam, the International Summer School New Venture Creation and Entrepreneurship at the Vrije Universiteit Amsterdam, and for PhD candidates.
- Research: his main focus is on the explanation of the success of entrepreneurship and small and medium-sized enterprises (SMEs), with special reference to innovation, sustainable entrepreneurship, and the life cycle of the firm.
- Management: he is one of the two co-directors of aforementioned joint MSc Entrepreneurship, the Director-founder of the Center for Entrepreneurship at the VU (CfE@VU) and a Member of the Board of Dutch Centers for Entrepreneurship (DutchCE).
- Valorization: he aims to bridge the gap between the academic world, on the one hand, and the private sector and the public sector, on the other, by showing mutual benefits and building long term relationships.
- He is involved in capacity building projects in Africa, mainly training of university lecturers and supervision of PhDs in Tanzania, Kenya, Ethiopia, and Zambia.
- He is also an advisor of entrepreneurs and SMEs, an advisor to international publishers in the field of entrepreneurship, and a speaker for various audiences.

See for his most recent profile: <https://www.linkedin.com/in/enno-masurel-63551645/>.

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# Acknowledgments

My journey of working with the entrepreneurial dilemma in academic education started more or less in the year 2009, when I introduced the Entrepreneurship Case (or E-Case) in the Master of Science (MSc) Specialization Entrepreneurship at the Vrije Universiteit Amsterdam. However, the basic idea of working with an entrepreneurial dilemma in academic education without any doubt has emerged earlier in my life (and possibly also earlier in the life of others as well). In 2009, the MSc Specialization Entrepreneurship was the most recent one of seven specializations within the MSc Business Administration at the Vrije Universiteit Amsterdam (next to among others Strategy and Organization, Management Consulting, and Human Resource Management). This E-case was developed for the head course Entrepreneurship and Innovation of the MSc Specialization Entrepreneurship. In 2012, the name Entrepreneurship Case/E-Case was changed to the name Entrepreneurial Dilemma Assignment in the same head course.

In 2014, the MSc Specialization Entrepreneurship at the Vrije Universiteit Amsterdam was terminated and more or less replaced by the joint MSc Entrepreneurship, collectively organized by the Vrije Universiteit Amsterdam and the University of Amsterdam, the two universities in Amsterdam. This joint MSc was developed with the help of the Amsterdam Center for Entrepreneurship (ACE), a partnership of the University of Amsterdam, the Vrije Universiteit Amsterdam, the Amsterdam University of Applied Sciences, and the Amsterdam School of Applied Arts (in the early years of ACE, also the University of Applied Sciences InHolland participated in this partnership, but this organization left ACE after a number of years). ACE received essential funding from the Dutch government (among others) in order to develop different forms of entrepreneurship education: the joint MSc Entrepreneurship was and still is one prominent result of that collaboration among the higher education institutes in Amsterdam, the Dutch government, and others.

The Entrepreneurial Dilemma Assignment was housed in the specialization course New Venture Creation and Development (NVCD) in the second period of the joint MSc Entrepreneurship, since the academic year 2014/2015. The content of the assignment was also changed in that academic year, and the focus of the assignment became explicitly on the identification of the current stage and the wished stage of small businesses, the obstacles between these two stages, and the solutions to overcome these obstacles. In the solutions to these obstacles, obviously the entrepreneurial dilemma (or the dilemma of the entrepreneur) comes back, because the entrepreneur(s) has/have:

to choose between two or more future courses of action concerning his firm/their firm(s), without sufficient information to make that choice or not being able to prioritize the gathered information

for making that choice. (see the definition of the entrepreneurial dilemma in the “Introduction” of this book)

With this change of content, the name of the assignment was also changed into the Start-up Case. In 2017, the name of the case was once again changed, into the NVCD Case, after the name of the specialization course. The main reason for this change was that the scale-up stage was also covered by the assignment, next to the start-up stage, and the scale-up stage even became more and more important. Every academic year, between 25 and 75 students participated in this specialization course, and between 15 and 25 teams worked on their own NVCD Case, with normally 2–4 students per team.

Consequently, since 2009, the concept of the entrepreneurial dilemma has been used by the author of this book, not only in aforementioned forms of education but also in various other courses and workshops, both within and outside the domains of entrepreneurship, business administration, and economics, both within and outside the Vrije Universiteit Amsterdam, and both within and outside the Netherlands. Although the entrepreneurial dilemma took different forms through the years, and sometimes even within one period in a year, the basic form of the entrepreneurial dilemma has always remained the same. The case is developed through one or more interviews by students with an entrepreneur (or by using information from the own entrepreneurial situation of one of the students), on the current stage and the wished stage of his/her firm. The case is solved by the formulation of recommendations by the students on how to overcome the gap between the current stage and the wished stage of the firm. The sources for the identification of the current stage and the wished stage of the firm and the sources for the formulation of the recommendations how to overcome the gap have always been threefold: what does the literature say, what does the entrepreneur say, and what do the students think themselves. It is important to notice that these three angles did (and will) not always point in the same direction.

Without any doubt, the concept of the entrepreneurial dilemma will be developed further in the future, not only by the author of this book but also by others. On the one hand, it is guesswork in what direction the development of the concept of the entrepreneurial dilemma will go. On the other hand, as trends are witnessed, some estimation of the future development of the concept of the entrepreneurial dilemma can be made. For instance, sustainability may leave its traces on the development of this concept, or privacy in relation toward social media may leave its traces, just to mention two examples. Also, the direct environment in which the author of this book will work in the coming period may leave its traces on the development of the concept of the entrepreneurial dilemma. Time will tell what will happen, especially if a second edition of this book will be allowed.

My acknowledgments go to all students, entrepreneurs, and colleagues, who participated in my courses and workshops on the entrepreneurial dilemma (and beyond the topic) and thought along with me. You have been a true source of

inspiration for the use of the entrepreneurial dilemma since 2009 and an essential factor for the realization of this book on the entrepreneurial dilemma in the life cycle of the small firm. My great acknowledgments also go to Emerald Publishing for the trust that has been put in me and the assistance that has been given.

From a personal point of view, my greatest gratitude goes to the most important persons in my life: my wife Erna Westen, my mother Helmi Dekker, and my father-in-law Jan Westen. Your support and commitment have been indispensable.

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# Introduction

Dilemmas, dilemmas, dilemmas ... Everybody faces dilemmas in his or her life. Even from the moment you wake up in the morning, you face dilemmas for that particular day. For instance, should you take your time for a relaxed and nutritious breakfast and read the morning newspaper extensively first or should you jump out of bed, hurry to get into the office as quick as possible, and maybe read the morning newspaper somehow in the crowded train? Or, as a dilemma later on the day, do you read your work email only in the office, during office hours, or do you read your work email also from your home, in the evening and during the weekend? If the latter is the case, then how many times per evening and per weekend do you open your mailbox? And how about the dilemma to spend time or not to read your work email during holidays? Life can be complicated.

Choices, choices, choices ... They may drive you crazy, but with dilemmas, choices have to be made in life, by everyone, every day, again, again and again. In this respect, the small business owner is just like any human being in the world: choices have to be made when dilemmas are faced. In this book, the small business owner is also called equivalently the entrepreneur or the owner-manager of a small business or a small firm. The small business owner has to make choices as well, even many choices, often more than one at the same time, every day again, again and again, in order to come out of the dilemma situations.

In this book, for the sake of simplicity and readability, only the masculine form for the entrepreneur is used (he and his), although the importance of female entrepreneurs is fully acknowledged by the author of this book. According to [VanderBrug \(2013\)](#), approximately 37% of the firms in the formal sector globally are run by women. Also, according to [VanderBrug \(2013\)](#), “women will be a driving force of entrepreneurial growth in the future” that also indicates an increasing importance of female entrepreneurship in the future.

As said above, the entrepreneur also faces dilemmas when running his own small business, every day, again, again and again. One example of an entrepreneurial dilemma concerns the workforce situation within the firm: the entrepreneur has to make a choice between hiring a new employee or keeping things like it is, with the current staff, maybe allowing the current staff to work overtime, or not, and get paid for the extra hours, or not. Or, another entrepreneurial dilemma may concern the future of the firm: does the entrepreneur make his firm ready to be sold to the highest bidder in the acquisition market or does he keep the firm for himself, for the rest of his active life; or does he keep the firm for his children as successors in the family business and additionally even develop his firm further into a next stage of its existence? Or how does the entrepreneur balance with economic issues, social issues, and environmental issues in his firm? This is also a serious dilemma, because economic issues, social issues,

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and environmental issues do not have a common value denominator, which is a weak basis for a decision process. Again, choices, choices, choices, they have to be made, routes have to be determined, also by the entrepreneur when running his own small business, every day again, again and again.

So, entrepreneurial decisions (or choices) have to be made, in order to solve the entrepreneurial dilemmas, this is unavoidable. A decision is, according to the *Oxford Advanced Learner's Dictionary of Current English* (one of the most reliable sources for the explanation of English words in the world), “the action of deciding” (next to “a conclusion reached,” but that explanation is less relevant in the context of this book). To decide is, according to the same *Oxford Dictionary* (this abbreviation will be used from now), “to consider something<sup>1</sup> and come to a conclusion”; this explanation is given next to other explanations as well, but this explanation is the most relevant in the context of this book.

But what is a dilemma really that precedes the decision that has to be made? According to the *Oxford Dictionary*, a dilemma is “a situation in which one has to choose between two undesirable things or courses of action.” Two examples are given by the *Oxford Dictionary*: “be in/place somebody in a dilemma” and “a moral/ethical dilemma.” For the idioms section, to be interpreted as “a phrase or sentence whose meaning is not clear from the meaning of its individual words and which must be learnt as a whole unit,” the *Oxford Dictionary* gives the next illustration: “on the horns of a dilemma.” The latter, indicating two hard pointed horns, is described in two ways, by the *English Dictionary* (another reliable source for the explanation of English words) as: “in a situation involving a choice between two equally unpalatable alternatives” and as “in an awkward situation.” The *Oxford Dictionary* also gives a number of synonyms for “on the horns of a dilemma,” like “between the devil and the deep blue sea,” “between a rock and a hard place,” and “between Scylla and Charybdis.” According to *Oxford Dictionaries* ([www.oxforddictionaries.com](http://www.oxforddictionaries.com)):

dated to the early 1500s, English borrowed *dilemma* from Late Latin, which, in turn, borrowed the word from the Greek *διλημμα* (*dilemma*). Meaning a “double proposition,” the Greek *dilemma* joins *δι-* (*di-*, “twice”) and *lemma* (*lemma*, “premise,” or “assumption”).

So, there is a lot behind the often easily used word “dilemma,” much more than often thought by many people.

“Between Scylla and Charybdis” seems to be the oldest reference in the context of dilemmas. “Between Scylla and Charybdis” refers to, as noted by the Greek epic poet Homer (living in the eighth century before Christ) in his

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<sup>1</sup>The abbreviations that were used in the *Oxford Dictionary* have been replaced by the full words by the author of this book.

book *Odyssey*, the two mythical sea monsters Scylla and Charybdis. Scylla was described as a rock shoal, and Charybdis was described as a whirlpool. Both the rock shoal and the whirlpool, symbolized as mythical sea monsters in Homer's *Odyssey*, were located in the sea close to each other. These two locations resulted in the situation, for a ship with its sailors, in which avoiding Charybdis meant passing too close to Scylla and mutatis mutandis avoiding Scylla meant passing too close to Charybdis, with all hazardous consequences under both scenarios. This choice between the virtual rock and hard place that has to be made because the ship has to sail on clearly illustrates the choice between two evils. The hero in Homer's *Odyssey*, the legendary Greek king Odysseus, had to make the unthankful choice between the two options when sailing his boat, with his crew. Eventually, he opted to pass by Scylla and lose only a few sailors, rather than to risk the loss of his entire ship through the passing of Charybdis. Odysseus managed to survive this hazardous trip, but his poor sailors unfortunately did not, and drowned in the sea. There is still a discussion going on where exactly Scylla and Charybdis were located: in the Street of Messina (between the mainland of what is now known as Italy on the one side and the island of Sicily on the other side), close to Cape Skilla (in the north west area of what is now known as Greece), or elsewhere in a sea, or even nowhere, as we are talking about a story that may be somewhere between fact and fiction. However, this metaphor of Scylla, Charybdis, and Odysseus in Homer's *Odyssey* makes it clear that a decision to solve a dilemma cannot be gone out of the way and that this decision has to be made, with all due consequences for the decision-maker (and likely for other involved persons as well).

Let us follow the timeline from the ancient history into the direction of our nowadays existence. A more modern example for a dilemma comes from the 1982 song by the English punk group The Clash, called "Should I Stay or Should I Go." Although it is not really clear what the song is about, and it is even not really clear if the song is about anything, still there are some striking sentences in this song that all have to do with dilemmas, like: "If I go there will be trouble and if I stay it will be double," and also "the indecisions bugging me." In the sense of this rather modern classical punk song, thinking in terms of a dilemma covers uncertainty about what would be the best way to go into the future, backed up by a lack of workable information. Given the opening sentence of this song "Darling you got to let me know," again the consequences are not only for the decision-maker but also for his environment.

In the context of the definition of dilemmas, we can make a useful trip to the world of artists. Entrepreneurs and artists have more in common than perhaps thought at first sight, and a number of artists can even be seen as entrepreneurs, and many entrepreneurs have artist-related aspects in their entrepreneurial behavior. Already in 1962, Edmund Feldman pointed at the three dilemmas for the artist: (1) the economic dilemma: "how can an artist practice his art and at the same time enjoy a level of living roughly equivalent to that of any professional person?", (2) the critical dilemma: "how can an

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artist find a discriminating, artistically mature audience for his work?”, and (3) the social or civic dilemma:

how can the artist function as a parent, a citizen, and a member of a community and at the same time retain the distinctiveness of his role as an outsider whose social usefulness is based, it would seem, on his chronic estrangement from the ordinary concerns of society? (Feldman, 1962, p. 4)

So Feldman (1962) already clearly indicated that more than one dilemma may occur at the same time and that one dilemma may consist of more than two options.

A number of scholars have paid attention to the phenomena of dilemmas in more recent years. One rather recent good example of this paid attention is the book *Dilemmas of Leadership*, by Tudor Rickards (published in 2015). In his working definition, Rickards (2015) describes dilemmas as “hard-to-resolve but important issues in theory and practice” (p. 30). He distinguishes between: (1) logical dilemmas (“when formal analysis (including critique) reveals more than one (usually two) possibilities, each of which contradicts a starting contention or proposition”), (2) action dilemmas (“when someone (such as a leader) has identified more than one (most often two) courses of action, none of which is acceptable in practice”), and (3) ethical dilemmas (“between two sets of ethical values, or between one ethical set and other practical ‘real-world’ considerations”). This book adopts mainly the approach of the action dilemma, as mentioned by Rickards (2015) and described earlier, but with the extension to also consider more than two courses of action (or options). However, the aspect of non-acceptable in practice from Rickards (2015) is not adopted in this book, as there seems to be no use in adding this aspect, as doing nothing or continuation of what has been done before can also be seen as a choice that is made.

Compared to Feldman (1962) and Rickards (2015), the author of this book holds quite a different view on what a dilemma is, in three respects. First, according to the author of this book, a dilemma does not necessarily have to do with undesirable options (or alternatives), it may also have to do with all desirable options as well, as long as the options represent a more or less comparable level of desirableness. The undesirable options should represent a more or less comparable level of undesirableness, so this difference also applies in a negative perspective. Hence, this book emphatically also drops the condition “undesirable” from the *Oxford Dictionary* (the adjective before “things or courses of action”), as there is no reason to assume that the different options in a certain context are by definition undesirable, because the different options in a certain context can all be desirable for the entrepreneur as well. Second, according to the author of this book, a dilemma is not restricted to only two options (or courses of action): a dilemma may concern three options as well, and even more than three options as well. Although the number of options is deliberately left open in this book, this number should be limited, however, for the convenience

of comparison among the different options. Third, again according to the author of this book, a dilemma has to do with (virtually) paralyzing a person's decision-making process in choosing between the different options, because of the lack of availability of sufficient information for making the decision, or because the decision-maker does not know how to prioritize the available information that has been gathered for making the decision.

Therefore, in this book, a dilemma is self-defined by the author as:

a situation in which a person or multiple persons has/have to choose between two or more future courses of action, without sufficient information to make that choice or not being able to prioritize the gathered information for making that choice.

Hence, the entrepreneurial dilemma in this book is self-defined by the author as:

a situation in which an entrepreneur or multiple entrepreneurs has/have to choose between two or more future courses of action concerning his/their firm(s), without sufficient information to make that choice or not being able to prioritize the gathered information for making that choice.

The plural form of multiple entrepreneurs and their firm is added to the singular form of an entrepreneur and his firm because a firm can be operated by more than one entrepreneur. Further, the plural form "firms" is offered because one entrepreneur can own more than one firm, and multiple entrepreneurs can own more than one firm collectively as well. To these two definitions, it can be added that the dilemma, as said before, should deal with future courses of action that represent a comparable level of desirableness or undesirableness, because otherwise it would not be that complicated to make a decision between the difference future courses of action and paralyzing the decision-making process will not take place. Hence, then there would not be a dilemma for the decision-maker.

Note that the above definition is called the entrepreneurial dilemma, not the entrepreneur's dilemma nor the dilemma of the entrepreneur. In the term entrepreneur's dilemma, "entrepreneur's" plays the role of the possessive adjective and that is not relevant here, as the entrepreneur does not own the dilemma. The same reasoning counts for "dilemma of the entrepreneur": again, the entrepreneur does not own the dilemma. In the combination of the two words entrepreneurial and dilemma, entrepreneurial plays the role of the adjective, so describing an aspect of the noun: the dilemma here has an entrepreneurial loading, and this connects to the entrepreneur as well.

There is an amazing lot of information available on the subject entrepreneurial dilemma on the Internet. One Google search on the subject "entrepreneurial dilemma" yielded about 19,800,000 results in 0.35 seconds (in October 2018).

So, the justified conclusion here is that there is ample interest for the subject of this book, viz. the entrepreneurial dilemma. A first and very brief inspection, however, showed that many of these results are practical (and often quick) instructions for entrepreneurs, how to solve their dilemmas, often in the form of concrete roadmaps and a limited number of steps to be taken. Also a limited number of books on the subject entrepreneurial dilemma were found, like *The Entrepreneur's Dilemma: Discovering the Four Foundations for Freedoms* by Mathisen (2015): that book is a rather practical instruction book for entrepreneurs (and for other interested persons as well of course).

In this book, however, more attention is paid to the background of the entrepreneurial dilemma, by placing the entrepreneurial dilemma more in the arena of current scientific literature in the field of entrepreneurship, without neglecting the practical side of the entrepreneurial dilemma. This more thorough road toward making entrepreneurial decisions is expected to lead to better entrepreneurial decisions than the practical and quick road only, but these better entrepreneurial decisions can also be very practical. This book also specifically focuses on the entrepreneurial dilemma of small business entrepreneurs during the life cycle and the development of their firms.

One important exception to aforementioned comment that most attention is paid to practical (and often) quick instructions for entrepreneurs can be found with the paper by Wasserman (2008), called "The founder's dilemma." Wasserman (2008) stated that founders of start-ups are usually convinced that only they can lead their start-ups to success; he also stated that many entrepreneurs are overconfident about their prospects and even naive about the problems they will face in the further development of their firms. However, a firm founder eventually may realize that, for instance, his financial resources and entrepreneurial competences are not enough to enable his firm to further develop during the life cycle of the firm, toward the future. Having realized this shortcoming, then the entrepreneur may decide to transfer a smaller or larger part of his say and/or equity in the firm to one or more external parties, like a new managing director, or to a venture capitalist, or to an internal solution, possibly leading to a management buy-out. Hence, the entrepreneur will then start to lose control over his own firm. Or he will decide not to transfer parts of his say and/or equity in the firm to externals and accepts that his firm will make another development during the life cycle of the firm, viz. less rapid growth or even no growth at all. Wasserman (2008) called this crossroad "time to choose" for the entrepreneur: as start-ups grow, the founder faces an entrepreneurial dilemma, and he may not even be aware of the fact that he is actually facing an entrepreneurial dilemma, initially or even permanently. The founder who gives up part of his say and/or equity in the firm in order to make room for external (co-)owners may end up with a more valuable firm in the end (in financial terms) than the founder who gives up less or even no say and/or equity in the firm. However, the latter founder may end up with a less valuable firm (in financial terms) than the former founder in the previous sentence, but he will still be in charge of his own firm, which may make him more happy and more proud than the founder who has given up part of his say and/or equity in the firm. So, the fundamental

entrepreneurial dilemma here is between the choice for development of firm value, on the one hand, and continued executive power in the firm, in terms of firm say and/or firm equity, on the other, as taught by Wasserman (2008) in his seminal chapter.

One other important exception concerns the work by Trompenaars Hampden-Turner (2018), the international research-driven consulting firm. Trompenaars Hampden-Turner's research reveals that opportunities and success depend on how well an organization's leadership and management address and resolve the tensions resulting from different value orientations between the five stakeholders in organizations (business processes, employees, shareholders, society, and clients/suppliers). These tensions are referred to as the "Ten Golden Dilemmas."

The very subject of this book is the dilemma an entrepreneur may face, when the further development of his firm during its life cycle is involved. An entrepreneur is described in the *Oxford Dictionary* as "a person who starts or organizes a commercial enterprise, especially one involving financial risk." As two examples are given: "local business entrepreneurs"; "the role of theatrical entrepreneur excited him." A theatrical entrepreneur can be interpreted as an impresario, based on the Italian noun *impresa*, that in turn means enterprise. So, the finesse of the second example is mainly in the words theatrical and impresario, intentionally or unintentionally. According to the author of this book, an entrepreneur is a person who exercises entrepreneurship, or in other words: the person who behaves in an entrepreneurial way, in a broad sense. The basic definition of entrepreneurship that is adopted in this book is the following self-developed and broadly positioned definition by the author: "entrepreneurship is the creation, discovery, and exploitation of value-adding opportunities." This central definition is further explained and elaborated upon in Section 1.1 of this book.

This book focuses on the decisions that the entrepreneur as the owner-manager of a small firm has to make for the further development of his own firm. Although this is not acknowledged by every scholar, policy-maker or politician in the field of entrepreneurship, but in this book indeed, any owner-manager of a small business is considered to be an entrepreneur. According to certain opinions, the entrepreneur is more (or even only) the innovation-oriented Schumpeterian-like person (in short) whereas the typical owner-manager of a small business is only running a petty business without any renewals, let go innovations. The author of this book disagrees with the label of entrepreneur only for the innovation-oriented Schumpeterian-like person, and for this book adopts the view that an entrepreneur is actively running his own business, for his own profit and at his own risks, regardless of the necessary addition of being innovative or not. Next to that, an important distinction can be made between incremental innovations and radical innovations, see Section 1.2 in this book (and also frugal innovations). Incremental innovations can be very modest to society by nature, but can have a tremendous impact on the daily life of the entrepreneur. Nevertheless, the author of this book accepts the fact that real innovative entrepreneurs are a special and very important species of small business owner. Therefore, both terms (entrepreneur and owner-manager, sometimes

abbreviated to owner only) will be used interchangeably in this book, along with the distinction of a long list of types of entrepreneurs (see Section 1.6 in this book). The term owner-manager is used in order to exclude owners of small firms who are not actively involved with the firm on an operational basis, for example, a venture capitalist who owns a part of the firm (or the whole firm) but who is not involved on an operational basis because he has delegated the operational issues to a manager in the firm (often the CEO of the firm).

The definition of a small business is extensively dealt with in Section 1.4 in this book, both quantitatively and qualitatively. It should already be noted, however, that in this book, the concept of small business also entails the nascent or pre-start-up stage of the firm, in which stage, in fact, the firm does not yet exist. The further development of the small firm takes place during the life cycle of the firm, in which a number of development stages can be identified: the life cycle of the firm is dealt with extensively in Section 1.5 in this book. The life cycle is described by the *Oxford Dictionary* as “a series of forms into which a living thing changes as it develops,” which fully suits the life cycle of the firm, if the firm is seen as a “living thing.” The latter can be accepted as a firm can be seen as a dynamic phenomenon or entity that constantly changes or takes different forms. The words business, firm, and company are used interchangeably in this book.

So, the focus of this book is on small firms, not on medium-sized firms nor on large firms nor on corporate firms (nor on any other kind of firms, like state-owned enterprises). However, these related concepts of firms will be explained in Section 1.4 as well, as the phenomena of small firms even gets to life more when compared with benchmarks like medium-sized firms, large firms, and corporate firms, both in quantitative terms and qualitative terms. Possibly, a book like this could have dealt with medium-sized firms, or even with large firms, or even with corporate firms, but small firms were deliberately chosen as the focus subject of this book, in close connection to the role of the entrepreneur. Nevertheless, the focus on small firms in this book does not imply that any other kinds of firms are ignored.

Obviously, after the decision how to solve his entrepreneurial dilemma, the entrepreneur has to take action, or officially stated: he has to implement his decision and he has to translate his decision into concrete activities. In short, he has to take a route. The implementation of the decision and the translation of this decision into concrete activities, although their vast importance is not underestimated at all, are not explicitly part of this book. It is suggested, by the author of this book, to follow a business planning approach for the implementation and translation into concrete activities. Current popular approaches in the context of business planning are the Business Model Canvas approach (see Appendix 3 in this book for version that is developed by the author of this book, especially for start-ups, scale-ups, and small businesses) and the Lean Start-up approach (see Appendix 4 in this book). Without any doubt, new approaches in the context of business planning will emerge in the coming years.

About the content of this book, the following can be stated. Chapter 1 deals with the theoretical background of entrepreneurship and small businesses, in a