NORMS SURROUNDING BUSINESS PLANS
AND THEIR EFFECT ON
ENTREPRENEURIAL BEHAVIOR

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Business plans are important management tools for new ventures. One indication of their importance is that about 10 million business plans are written each year, world-wide (Gumpert, 2002). Others are that business plans quite frequently surface in entrepreneurship education, governmental promotion of entrepreneurship as well as in the external financing of new ventures. Universities conduct or endorse business plan competitions, including Harvard, Stanford, Wharton and MIT (Honig, 2004). Banks, venture capitalists, angel investors, incubator managers and assistance agencies are other potential promoters of business plans. There are a plethora of books dedicated to explaining how to write business plans, typically suggesting that business planning is valuable and important to the new firm (Poon, 1996; Stevenson, et al., 1999; Timmons, 1999; Lambing and Kuehl, 2000; Wickham, 2001; Kuratko and Hodgetts, 2001). It is fair to say that the entrepreneurship field abounds with advice about how to write business plans.

An assumption for much of the educational literature, and research in entrepreneurship is that plans enhance firm performance (Lumpkin, Shrader and Hills, 1998). However, overviews of the research literature on planning and performance show that the performance returns to new ventures that write plans are inconclusive. Reviews of business planning research made by Castrogiovanni (1996), Ford, Matthews, Baucus (2003) and Delmar and Shane (2004), all agree that research on the relationship between business plans and performance is open to doubt. Case based anecdotes indicate that many of the most successful start-up entrepreneurs did not begin with a written business plan. For example, Microsoft, Dell Computers, Rolling Stone Magazine and Calvin Klein all started without business plans (Bhide, 2000).

Because it is not clearly supported by empirical evidence, the plethora of normative advice regarding the benefits of business plans risks being misdirected. One consequence of the extensive advocacy of business planning, in conjunction with constraints and limitations of their utility, may be that entrepreneurs choose to write business plans without actually implementing them in the organization. If so, writing the business plan becomes “just1 a symbolic exercise conducted to please stakeholders.

Much of previous research has been conducted with survey methodology. However, to differentiate committed planning activity from loosely coupled adoption without implementation of the plan, specific attention must be given to aspects of symbolic and superficial conformity in business planning endeavors. It is necessary to study both the content and quality of the business plans, as well as the organizational evolution under which the planning process takes place. The purpose of this study is to describe processes of institutionalization, and in particular, the case of written business plans. We investigate the process in which business plans are institutionalized in new ventures, that is: who influenced them to write business plans, how this influence was exerted, and how did they dealt with them (strategies).

METHOD

The research design is a multiple case study. Six new ventures within the same institutional environment were investigated. The analysis started off using a preliminary theoretical framework derived from the extant literature (Yin, 1994; Eisenhart, 1989; Eisenhardt, 1990). This is also in line with Hanson’s acknowledgement that all observations are colored by the preconceptions of the researcher, that is, observations are theory laden (Hanson, 1958). The best one can do, therefore, is to make these
preconceptions and biases explicit (Strauss and Corbin, 1990; Sayer, 2000). To explain one’s guiding theoretical framework does not prevent the possibility of new interpretations and theories to arise inductively from case research (Eisenhardt and Graebner, 2007). On the contrary, rival theoretical frameworks can open up for multiple interpretation, and interaction between theory and empirical observations can generate new insights and theories. This study employs in depth interviews along with observations and longitudinal data, investigating symbolic responses to business planning pressures. There are several reasons why we opted for this methodology in our study.

Qualitative studies are particularly well suited for investigating questions that have not been asked before (Gartner and Birley, 2002). This research involves asking why entrepreneurs write business plans, with a particular emphasis on the symbolic adoption related to business plan activity. These are research questions that appear not to have been previously studied.

Qualitative studies are also appropriate in answering questions where quantitative studies have difficulties resolving their research question, depicting relationships and social processes that quantitative data can not reveal (Eisenhardt and Graebner, 2007; Gartner and Birley, 2002). The relationship between business plans and performance is one such field. Research on the relationship between planning and performance in new ventures has been inconclusive Castrogiovanni, 1996; Ford, Matthews, & Baucus; 2003). As previous research in the area has predominantly been based on survey methodology (Carter, Gartner & Reynolds, 1996; Lumpkin, Shrade and Hills, 1998; Delmar & Shane, 2004, Lange, Bygrave and Evans, 2004), existing studies may have failed to fully understand how business plans are used. For example, previous studies may have been unable to account for symbolic adoption of business plans, as a result of common method variance (Campbell and Fiske, 1959). Studies employing a quantitative approach would be unable to differentiate whether or not the plans being utilized were realistic, used symbolically, or effectively updated. Noteworthy is that the normative literature on business plans indicate that many new ventures do not update their business plans, and that their plans sometimes are unrealistic (Poon, 1996; Stevenson, et al., 1999; Timmons, 1999; Lambing and Kuehl, 2000; Wickham, 2001; Kuratko and Hodgetts, 2001). While this literature often suggests that new ventures should strive toward better realism and repeated revision, it also strengthens the observation that many new ventures have business plans that fail to correspond to their current organization.

Our objective was to investigate different strategies entrepreneurs employ in dealing with institutional pressures. In particular, we were interested in comparing those entrepreneurs that conformed to the pressures to write a business plan, and contrasting them with those who attempted to avoid such pressures. On the surface, conformity to institutional pressures and avoidance will look quite similar. In fact, this is the main premise of loose coupling (Oliver, 1991). Thus, it is necessary to acquire a significant amount of in-depth knowledge about an organization in order to distinguish between different institutional strategies. Therefore, we considered self reported measures as non-satisfactory for the understanding and examination of loose coupling. For example, respondents may want to appear more coherent, and thus report to be more consistent than they are. We elected an in-depth study to collect data on speech, behavior and writing over a period of time, enabling us to pick up any inconsistencies between written business plans and the actual behavior of the new firm over time.

This meant that the data was detailed, contextual and rich in understanding of the respondents, but also that the sample size was by necessity relatively small. Qualitative studies usually focus on fewer cases but with more attention and detail in each case (Dodd, 2002). It is generally understood that the key judgment of a qualitative study (and perhaps also for a quantitative study) is the extent it can help us understand a situation that would otherwise be enigmatic or confusing (Eisner, 1991; Siggelkow, 2007). The authors believe it is an important research goal, in its self, to question what is taken for granted, and that research develops from a dialogue between different opinions (Bhaskar, 1978; Sayer, 2000).

Reliability is a concept for the evaluation of quality in a quantitative study for the “purpose of explaining”. In a qualitative study, the objective is to the purpose of “generating understanding”. There is
little in terms of established short hands for describing rigor in qualitative studies (Stewart, 1998). We attempt to provide a detailed account of how the data was collected and analyzed, in order to provide adjudication regarding the quality of the research undertaken.

**Sample**

In this study we examined six new ventures located in a university incubator during a total of 5 years. We consciously selected companies that were as similar as possible in order to reduce variability that might influence organizational responses to institutional pressures, such as organizational field, previous start up experience, industry, local start up environment conditions (Honig and Karlsson, 2004), and executive migration (Kraatz and Moore, 2002). We follow the logic of controlling for extraneous variation suggested by Eisenhardt (1989) and Gilbert (2005). This logic is also suitable for the theory at hand, as institutional pressures likely vary significantly between institutional fields (DiMaggio and Powell, 1983).

Companies in this study were all less than two years old at the start of the study; they are founded by inexperienced entrepreneurs, and kept the same CEO. All of the ventures were situated on the same floor, and in the same building. The respondents were predominantly in their 20s, male, and with a university degree. The demographics, (indicated in table 3), were similar for the entrepreneurs and other actors influencing them, such as the incubator managers and bank officers and accountants. The companies studied were small, none could be defined as high growth, their managers were inexperienced as entrepreneurs, and their companies new. They represent normal entrepreneurial ventures, and mirror a stage of development most new ventures and fresh entrepreneurs. They were entrepreneurs, and our interest lay in the relative nascence of their firms. While some might argue that business plans are primarily for high growth gazelles, our observations are that plans are used by and commonly recommended for the entire population of new ventures.

**Data Collection Process**

This study collected data in form of semi structured interviews, archival data and participant observations over a two year period. We conducted 37 face to face interviews with company managers as well as external capital providers, government assistance agencies, and consulting professionals. When available, we also collected business plans and examined them in several different versions. We sat in on a number of meetings with external financiers as non participant observers, collected company descriptions of all new ventures from the internet, and conducted observations at joint incubator activities. We also had a number of saved and recorded email conversations with incubator managers and new venture managers. All data collected were added to and analyzed in a NUDist 4.0 database, following the methodological structure used by Gilbert (2005). We proceed to describe these data collection methods in more depth in the following discussion.

**Interviews**

Interviews were 45 to 90 minutes in length, with several actors in each firm, including owner/managers, and employees. Additional interviews were conducted with actors that the respondents made reference to, as having been important for their firm with respect to business planning. These included interviews with incubator managers, bank lenders, accountants and government support organizations. The main aim of these interviews was to understand how the business plan concept traveled from external sources to the focal ventures, and how they were used by the focal ventures. Investigating external sources is was important to us because when institutional myths travel they are often translated and reinterpreted (Czarniawska, 1996).

We held open discussions and asked follow up questions when the respondent touched upon topics related to our coding templates. This method maximizes the mutual understanding that can be gained
between interviewer and respondent (Fontana and Frey, 2000). All interviews were recorded and transcribed, added to the case database, and filled the requirements for the use of exact quotations (Rapley, 2004).

**Archival Documents**

Over 1000 pages of archival documents were collected. These included written business plans, newspaper clippings, promotional material, budgets, company descriptions, and ownership agreements. These documents were essential for investigating loose coupling, enabling the comparison between formal written documents, observations and interviews. They also provided a valuable source of data by offering a method of cross-checking the respondents’ statements. All archival data were stored in binders, and when possible converted to computerized text and added to the case database. We also stored a number of email conversations that were held with incubator managers and new venture managers.

**Participant Observations**

Over two years, from fall 2002 to spring 2004, we attended meetings between external funding organizations, incubator celebrations, visits to the offices of all respondents and informal coffee meetings. Observations were recorded in a small notebook, transcribed and added to the case database. These observations were helpful to understand the respondents’ situation. They also enabled the development of better interviews by keeping the researchers up to date with what happened in the incubator.

**EMPIRICAL DESCRIPTIONS**

Six focal companies were studied. As a first part of this study we compiled extensive case descriptions of each one of these ventures. These case descriptions gave us an initial understanding of the ventures themselves. These case descriptions can be sent to the reader upon request. Due to requirements of brevity, we provide brief summaries of the companies in Exhibit 1.

The numbers of workers indicates how many people were actively working in the firms. This included the owner-managers in all firms. “Zero workers” indicates that the firm is no longer active. All company names were replaced using the Greek alphabet and pseudonyms for the respondents are used throughout the study. Exhibit 1 includes short descriptions of the six focal companies, what industry they are in, how large they were when they started and when they were studied. The companies were engaged primarily in service industries. Four out of the six companies wrote business plans. A list with short descriptions of the persons in the study, their background, and when the interviews were conducted, is provided in Exhibit 2.

**Who and How Were Different Actors Exerting Pressures to Write Business Plans?**

Institutional sources shape the way organizations develop. Government agencies, educational systems and industrial networks are examples of such external sources (Karnoe, 1995). Other influential sources may be: literature (Furusten, 1995) and professions (Scott and Backman, 1990). In this section empirical material concerning the actors influencing new ventures to write business plans are presented and discussed. The section includes but is not limited to cursory descriptions of the content of business plan literature, banks, computer programs, educations and business plan competition. It also illustrates attitudes towards business plans among incubator managers, competitors and companions and accountants.

Our analysis showed that the business school had significant direct and indirect influence on the adoption of the business plan institution. The entrepreneurs who wrote business plans had also taken a course in business planning at the business school. Entrepreneurs who had not taken a business school course, had not written a business plan. The entrepreneurs who had taken the course indicated that it was fairly easy to write one, while the ones who did not take a course on business planning found it to be more difficult. The business school also played an indirect influence through the employees at the bank,
incubator managers and the external capital providers, all of whom had a business school education. When the entrepreneurs wrote a business plan, the plan provided a good platform as a communication device towards the capital providers, who easily recognized the format. Surprisingly, the bankers and the external capital providers who were interviewed did not have rules in place forcing new companies to write plans. To the bankers, the plan was considered a positive thing in the evaluation, but not nearly as important as the personal wealth of the owners, potential collateral, and overall repayment ability. The external capital provider for Alfa actually asked the company not to update their business plan, but to use a different “one page” document describing current issues and past performance. Although neither the bank nor the external capital provider seemed to use the business plan for deciding whether to finance the company or not, both actors believed that the business plan was a good thing for the entrepreneur him/herself. None of the respondents mentioned that suppliers or customers had tried to influence them to write business plans.

Processes

The purpose of this study was to investigate how new ventures use business plans, employing an institutional perspective. We argued that by focusing on aspects external to the organization, insufficient attention has been paid regarding what happens to management tools when they reach organizations (Røvik, 2000). We found no instances of companies that attempted the resource intensive manipulation strategy. We found a few instances of companies defying the institutional pressure to write business plans. Exhibit 3 summarizes the processes in which the firms engaged in business planning behavior.

To summarize this point, the effort to plan was the most intensive at the start up of the business. This effort rapidly deteriorated over time and there was no indication that any of the firms made a serious effort to rekindle the planning effort once the business plan was written initially. In exhibit 3, the full line indicates the rapidly declining effort in planning. The dashed line indicates the slowly decreasing correspondence between the written plan and the firm over time.

Among the studied organizations, the unidirectional deterioration of business planning over time is noteworthy. Companies that did conform to the institutional pressure to write business plans did so only initially. All four companies who set out to write business plans ended up not following them, nor updating them.

Outcomes of Writing Business Plans and Not Writing Business Plans

Economic rational arguments to write business plans are based on the assumed positive relationship between plans and financial performance. Resource dependence arguments to write business plans are based on the positive relationship between plans and access to resources. The description below indicates that neither perspective can explain the behavior of the studied new ventures.

Financial Performance

Business plan literature assumes a positive relation between business plans and financial performance. Often this positive relation is based on an assumption that written plans have positive effect on a firm's internal coordination and control. They therefore closely mimic arguments of classical administrative theory (Fayol, 1917). Without the actual implementation of the plan, and regular control ensuring that the business follows the plan, we cannot, under the assumptions of this theory, expect any positive effects between performance and plans. It has also been suggested that business planning can positively impact performance of new venture managers by influencing their motivation based on goal setting theory (Delmar and Shane, 2004). However, goal setting theory functions best with respect to specific and simple (for the individual) goals. When goals are perceived as difficult and unspecific, as in the case of planning how to best run a business for the next five years, formal goal setting becomes detrimental (Locke and Latnam, 2002). Because the goal setting involved in business planning is difficult (for the
individual) and unspecific (determining the best strategy for developing a business opportunity over the next five years), entrepreneurs may in fact be rational to avoid making them.

If plans were believed to lead to improved financial performance, it would make much sense for companies to actually use the plans for internal coordination and control. In the companies studied in this research, however, the evidence points in a counter direction. All four of the companies that wrote business plans made few efforts to actually implement the strategies suggested in the business plans, and gaps between the plans and the actual operations of their businesses were increasing over time. Business plans were used as a symbolic activity and a marketing tool, at best.

To the extent that the new companies in this study actually knew what was best for their company, and acted fairly rationally, this research supports the finding that following a business plan is unrelated or negatively correlated to financial performance. However, none of the studied businesses actually implemented their business plan. They did not behave according to classical planning norms, and therefore, could not reap the benefits of coordination and control. As none of the companies actually implemented their business plan, we could not assess whether it would be functional “if they did”.

**CONCLUSION**

We found that the companies in this study had a preference for symbolically adopting the business plan tool. The business plan was used initially to gain legitimacy from external actors, making the companies appear structured, well planned, and established. Entrepreneurs in this study wrote business plans even though they rarely referred to them or planned to utilize them. They were found to loosely couple their written plans from their actual operations, as ventures gradually became more dissimilar from their plans. While not being perceived to be a viable tool to improve intra-organizational efficiency, loose coupling enabled new ventures to gain legitimacy from the environment, allowing them to continue pursuing their own agendas. While the normative literature on business planning recognizes that many organizations do not follow their business plans, we are aware of no systematic study examining the concept of loose coupling in new organizations. Therefore, this study extends the empirical grasp of the concept of loose coupling (Wieck, 1976; Meyer & Rowan, 1977; Brunsson, 1989) and qualifies it in a new context.

Overall, we found the new ventures in this study had a preference for marginally, or weakly adopting the business plan tool. Thus, although a number of entrepreneurs were seen to employ the “correct” practice of writing a business plan, none of the ventures we studied allowed their plans to significantly influence their business operations. In well established organizations, management tools are subjected to careful translation and adoption of their content (Sahlín-Andersson and Sevón, 2003). This is in stark contrast to the new ventures studied in this research. For these new ventures, business plans are more accurately described as being rather reckless interpretation and loosely coupled adoption.

Out study has important implications for practice. Banks, venture capitalists, and incubator managers should be aware of the various strategies undertaken by new ventures in accommodating, avoiding, or resisting routines that may be of questionable value to the new organization. We propose that the range of responses we uncovered is similar for the general population of new ventures. Compliance may be only symbolic – and indicate little more than the establishment of a power relationship. *Bona-fide* compliance and efficient organizational implementation of so called “best practices” may be difficult to ascertain, and may not be in the best interests of the new venture.

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**NOTES**
1. We write “just” in quotations, because the symbolic adherence to business planning is neither simple nor unimportant. On the contrary, writing business plans is often perceived as useful, difficult and time consuming. "Just" indicates circumstances when a plan is not written for the internal coordination of a new venture and implementation, albeit often assumed.

REFERENCES

Gartner, W.B. and Birley, S. 2002 Introduction to the special issue on qualitative methods in entrepreneurship research, Journal of Business Venturing, 17(5): 387-395


### Exhibit 1: Overview of the New Ventures

<table>
<thead>
<tr>
<th>Firm</th>
<th>Alfa</th>
<th>Beta</th>
<th>Gamma</th>
<th>Delta</th>
<th>Epsilon</th>
<th>Seta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Web design</td>
<td>IT-consult</td>
<td>Media product</td>
<td>Stock trading</td>
<td>Public Relations</td>
<td>Light engineer</td>
</tr>
<tr>
<td>Number of workers when founded</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Number of Workers 2003</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Number of Workers 2003</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Number of workers 2004</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Number of workers 2005</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Number of workers 2007</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Written plan</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
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</table>
## Exhibit 2: Respondents Overview

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Born</th>
<th>Education</th>
<th>Firm</th>
<th>Sex</th>
<th>Role</th>
<th>Interview dates (year/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy Andrews</td>
<td>1960</td>
<td>High school</td>
<td>Alfa</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/05; 02/11; 03/06</td>
</tr>
<tr>
<td>Adam Adamsson</td>
<td>1960</td>
<td>Business school</td>
<td>Alfa</td>
<td>M</td>
<td>External Equity</td>
<td>01/11</td>
</tr>
<tr>
<td>Aron Aronson</td>
<td>1970</td>
<td>Computer engineering</td>
<td>Alfa</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/08; 02/11</td>
</tr>
<tr>
<td>Brad Bonner</td>
<td>1970</td>
<td>Business Informatics</td>
<td>Beta</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/06; 03/06</td>
</tr>
<tr>
<td>Bob Benson</td>
<td>1970</td>
<td>Business Informatics</td>
<td>Beta</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/11</td>
</tr>
<tr>
<td>Daniel Drew</td>
<td>1970</td>
<td>Business school</td>
<td>Delta</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/05; 02/09</td>
</tr>
<tr>
<td>Erika Erikson</td>
<td>1970</td>
<td>Communication</td>
<td>Epsilon</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/08; 02/11</td>
</tr>
<tr>
<td>Eva Evanston</td>
<td>1970</td>
<td>Communication</td>
<td>Epsilon</td>
<td>F</td>
<td>Employee</td>
<td>02/11</td>
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<tr>
<td>Gabriel Gerber</td>
<td>1970</td>
<td>Computer engineering</td>
<td>Gamma</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/11; 02/11; 02/12; 03/06</td>
</tr>
<tr>
<td>George Goulding</td>
<td>1970</td>
<td>Computer engineering</td>
<td>Gamma</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/10; 02/11; 02/11; 03/06</td>
</tr>
<tr>
<td>Gary Gray</td>
<td>1970</td>
<td>Communication</td>
<td>Gamma</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/10; 02/11; 03/06</td>
</tr>
<tr>
<td>Isac Inkles</td>
<td>1970</td>
<td>Business school</td>
<td>SPG</td>
<td>M</td>
<td>Incubator Manager</td>
<td>02/04; 02/12</td>
</tr>
<tr>
<td>Ivan Ivanovic</td>
<td>1970</td>
<td>Business school</td>
<td>SPG</td>
<td>M</td>
<td>Incubator Manager</td>
<td>02/12</td>
</tr>
<tr>
<td>Jenny Jennyton</td>
<td>1970</td>
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<td>SPG</td>
<td>F</td>
<td>SPG manager</td>
<td>02/04; 02/12</td>
</tr>
<tr>
<td>Joe Joeman</td>
<td>1970</td>
<td>Business school</td>
<td>Rho</td>
<td>M</td>
<td>Industrial peer/friend</td>
<td>03/08</td>
</tr>
<tr>
<td>John Johnsson</td>
<td>1970</td>
<td>Business school</td>
<td>SPG</td>
<td>M</td>
<td>Incubator Manager</td>
<td>02/04</td>
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<tr>
<td>Joel Joelson</td>
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<td>M</td>
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<td>02/04</td>
</tr>
<tr>
<td>Larry Letterman</td>
<td>1970</td>
<td>Business school</td>
<td>Lamda</td>
<td>M</td>
<td>Banker</td>
<td>03/06</td>
</tr>
<tr>
<td>Lena Long</td>
<td>1970</td>
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<td>Lamda</td>
<td>F</td>
<td>Banker</td>
<td>03/06</td>
</tr>
<tr>
<td>Mathew Middling</td>
<td>1950</td>
<td>PhD Engineering</td>
<td>SPG</td>
<td>M</td>
<td>SPG manager</td>
<td>02/03</td>
</tr>
<tr>
<td>Osgood Osgoodman</td>
<td>1960</td>
<td>Business school</td>
<td>Omega</td>
<td>M</td>
<td>Accountant</td>
<td>03/06</td>
</tr>
<tr>
<td>Omar Omarsson</td>
<td>1970</td>
<td>Business school</td>
<td>Orion</td>
<td>M</td>
<td>Accountant</td>
<td>03/06</td>
</tr>
<tr>
<td>Samuel Samuelsson</td>
<td>1960</td>
<td>Lighting engineering</td>
<td>Seta</td>
<td>M</td>
<td>Owner/manager</td>
<td>02/05; 02/09; 03/06</td>
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<tr>
<td>Stuart Stuartsson</td>
<td>1970</td>
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<td>M</td>
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<td>02/05; 02/09; 03/06</td>
</tr>
<tr>
<td>Tess Tesson</td>
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<td>Communication</td>
<td>Theta</td>
<td>F</td>
<td>Industrial peer/friend</td>
<td>02/12</td>
</tr>
</tbody>
</table>
### Exhibit 3: Stages of Business Plan Use

<table>
<thead>
<tr>
<th>Stage 1: Business plan writing</th>
<th>Alfa</th>
<th>Beta</th>
<th>Gamma</th>
<th>Delta</th>
<th>Epsilon</th>
<th>Seta</th>
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</thead>
<tbody>
<tr>
<td>Start up Year</td>
<td>At startup</td>
<td>At start up</td>
<td>At start up</td>
<td>Before start up</td>
<td>Never started</td>
<td>When King calls</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>1999</td>
<td>2002</td>
<td>1998</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Stage 2: Business plan use</td>
<td>Marginal</td>
<td>To raise $</td>
<td>To raise $</td>
<td>To raise $</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Years of usage</td>
<td>2000-2001</td>
<td>2000</td>
<td>2002-2003</td>
<td>1998</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Stage 3: Business plan development</td>
<td>Limited</td>
<td>Limited</td>
<td>Extensive</td>
<td>Unknown</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Year</td>
<td>1999</td>
<td>2000</td>
<td>2002</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Stage 4: Business plan deterioration</td>
<td>Immediate</td>
<td>Immediate</td>
<td>Immediate</td>
<td>Immediate</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Year</td>
<td>1999-2004</td>
<td>2000-2003</td>
<td>2002-2004</td>
<td>2000-2002</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Stage 5: Business plan abandonment</td>
<td>Gradual</td>
<td>Gradual</td>
<td>Gradual</td>
<td>Lost</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Year</td>
<td>2005</td>
<td>2003</td>
<td>2004</td>
<td>2002</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Exhibit 4: Development of Planning Effort and Correspondence between Plans and Firm Strategy

![Diagram](https://via.placeholder.com/150)

The diagram illustrates the decrease in planning effort over time, with a dashed line indicating the correspondence between plans and firm strategy.