Entrepreneurial Networking:
A Comparative Analysis of Networking Organizations and Their Participants in an Entrepreneurial Community

by

TOSHIHIRO KANAI

B. Ed. Kyoto University
(1978)

M. B. A. Kobe University
(1980)

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Signature of Author

Sloan School of Management

Certified by

John Van Maanen
Thesis Supervisor

Accepted by

James B. Orlin
Chairman, Doctoral Program Committee

ABSTRACT

The capability to create ties with other people is critical for starting up businesses. Creation of ties is not, however, just related to individual personalities. The places and groups for meeting other people may be more important.

The basic research question is how people in the entrepreneurial community network with others through two contrasting organizations: the MIT Enterprise Forum and Dialog Groups of the Smaller Business Association of New England. Through comparison, two modes of networking are discovered: circles and clubs. The Forum and the Dialog are the empirical references for circle and club.

The circle is a loosely coupled organization with open membership (in the extreme case, without any membership qualifications or even a notion of membership per se). It functions primarily as an instrument for gaining access to broader resources and exchanging information. The circle is built upon the extensive use of weak ties, chain effects, and diverse values. The club, by contrast, is a tightly coupled organization with limited membership. It meets the expressive needs of homogeneous members connected to one another by strong ties.

These two organizations were selected because the pilot study suggested that they were contrasting. In other words, they were "theoretically sampled" for the purpose of clarifying the attributes of networking organizations. From intensive field interviews and observations, native views on the networking of each organization were found. A large-scaled survey confirmed the concepts and produced additional insights.

THESIS SUPERVISOR: Professor John Van Maanen
Professor of Organization Studies

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Writing a thesis is a lonely activity. In doing so, I have networked with a lot of people through strong ties or weak ties. Some of the people in my networks stand out. They linger in my brain; they will forever. The thesis studies were done with a sense of community and with various kinds of helps from my mentors, peers, friends, and my parents and my wife. I sometimes felt lonely at the critical stages of my studies, but I would not say I have done it alone. Like any marathon, there were fellow runners, coaches, fans, and other people cheering me on.

John Van Maanen has helped me in so many ways. John's comments make my thesis more elegant; his name should be acknowledged and footnoted everywhere. John inspired me to complete this marathon by running his own, plodding steadily and painfully up Heartbreak Hill towards the finish line. Lotte Bailyn has been another careful reader of my drafts at every stage. She made detailed comments and thoroughly edited the early drafts. She also created a deadline effect, asking about my "would be" thesis on our way to Kyoto during her stay in Japan. Eleanor Westney tactfully questioned some of my taken-for-granted assumptions as a Japanese. Ed Schein continuously forced me to think on a deeper level, thus serving as a role model. As a key person in various networks, Ed Roberts gave me a lot of insights about the entrepreneurial community in the Greater Boston area. Eric von Hippel gave me a chance to live in an authentic American house, where I wrote first four chapters of my thesis. Eric's interest in informal know-how trading influenced my thoughts on social networks among engineers.

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nothing to some people, reminding me not to take things too seriously! What matters is the things I have learned and the people I have met at MIT. The Sloan School, especially the fifth floor, provided me with a friendly, supportive atmosphere.

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I am involved in Mankind. And therefore
never send to know for whom the bell
tolls; It tolls for thee.
John Donne

People are strange when you're stranger,
Faces look ugly when you're alone.

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When you're strange
Faces come out of the rain
When you're strange
No one remembers your name.
Jim Morrison

CHAPTER I

INTRODUCTION

People reach other people through still other people. People are embedded in a social nexus, even at the moment of seeking seemingly lonely activities -- invention, scientific discovery, creation of new values (or religion), writing novels (or thesis), and starting up one's own business. Creative activities are not necessarily done alone. All scientists are not mavericks. They are in a big pool, an invisible college (Price, 1963; Watson, 1968). Entrepreneurs have their own counterpart, what is referred to as an "entrepreneurial network" (OTA, 1984).

Individuals are separate entities, or so it seems, especially when they are trying to be independent and creative. It is alluring to idealize, stereotype or maybe stigmatize those creative fellows like scientists and entrepreneurs as bohemians and self-chosen social misfits. The truth of the matter is that scientists are embedded in a scientific community with specific social norms (Kuhn, 1962). Similarly, entrepreneurs are best nurtured with the supports (Vesper, 1983) of an entrepreneurial community. Therefore, at the beginning of this treatise on creative social networking, I won't ask "*For whom the bell tolls*," as I share with John Donne a basic sense of whole-part relationship, although I would rather hasten to add that "Any man's (person's) birth -- or participation in the world -- increases thee, because thou art involved in that world." Lipnack and Stamps, advocates of networking in various areas, have coined the term, "wholepart" --the equivalent of the notion of "holon" by Arthur Koestler. This denotes that "networks are composed of self-reliant and autonomous participants; that is people and organizations who simultaneously function as independent 'wholes' and as interdependent 'parts' " (Lipnack & Stamps, 1982, p.7; see also Stamps, 1980, Ch.6; Lipnack & Stamps, 1986, pp.139 f).

Having a vague sense of community, however, does not automatically provide utilitarian benefits from the community. People have to commit themselves to it, in order to get something out of it. Social commitment is necessary. Otherwise people would remain strange, because you choose to remain a stranger, a corollary of Jim Morrison's theorem, "People are strange when you're stranger." People are no longer strange, when you are the part. Sarason (1974) colorfully illustrates the critical role of the "psychological sense of community" in the field of human services. He proposes *social action as a vehicle for learning*. This action inevitably incorporates social networking for getting both necessary resources and the sense of community as his later works demonstrate (Sarason et al. 1977; Sarason & Lorentz, 1979).

Social networking is not limited to the above examples. It is ubiquitous, albeit the specific focus of this thesis is on entrepreneurial networking. Networking is everywhere in some sense. This study resides in two domains: that of the psychological sense of community and of belonging; and the domain of sociological studies of social networks and resource mobilization. So far, the former tends to emphasize consummatory values of a network. The latter seems to stress the aspects of a network as a means to achieve some instrumental objectives. In reality, these two aspects are mingled.

Self-help and mutual aids are combined in a variety of networking organizations (Katz, 1981). Some are well known and classic like A.A. (Alcoholics Anonymous). Others carry unusual names, although their attempts are equally serious. TOPS (Take Off Pounds Sensibly) is one example. Some remain local -- Homeworkers Organized for More Employment (H.O.M.E.) in Maine, as an example from the New England area. Because of their "grass-roots" nature, there are numerous unknown self-help networks. Others such as United Ways and Young Presidents' Organization (YPO) seek national, or even international ties. Some are exclusive elite social clubs like Somerset in Boston and Links Club in New York. Others, especially those based on a fluid social movement, are very open; only a common interest is required. Some are formed for strong or fortunate people and others for the weak and deprived; groups now exist for parents of gifted children as well as for single parents. Remember, however, that these examples are just a tip of the iceberg. They are just illustrative cases; inevitably, the choice of examples is arbitrary.

There have been attempts to list certain kinds of networking organizations (Lipnack and Stamps, 1982). A comprehensive list for all sorts of these organizations, nevertheless, is almost impossible, because they are so ubiquitous. No wonder we have witnessed a proliferation of networking organizations for entrepreneurs. There are many in various locations in the U.S. (Kahn, 1985).

The ubiquity of spontaneous voluntary associations in American contexts in general and the rise of entrepreneurial networking organizations in particular indicate an interesting cultural contradiction and some paradoxical issues for entrepreneurs as individuals. This ubiquity of voluntary organizations, however, does not imply commensurate numbers of studies. The salience of those for entrepreneurs have only produced journalistic investigations and a very few seminal works (Dorfman, 1982, 1983; Rogers & Larsen, 1984). On the whole, the area in general has received little systematic attention from social scientists (Katz, 1981).

First and foremost, the careful, thorough description of networks per se is overwhelmingly important. Quantitative data will be used to complement qualitative counterparts. For one thing, cultural understanding is a critical first step to build up an interpretive framework and generate qualitative insights about the phenomena in focus (cf., Van Maanen, 1988). For another, there have been a dearth of previous studies that shed light on the social networking aspect of entrepreneurship. This forces one to get *the feel of the field*, first. A more deductive survey analysis becomes possible afterwards.

What are the contextual cultural themes that underlie the sense of community, resource-seeking behavior, and social action as learning? Let us think of an alien observer from France of past American culture. In mid-nineteenth century, Alexis de Tocqueville was intrigued by the fact that "American of all ages, all stations in life, and all types of dispositions are forever forming associations" (Tocqueville, 1969, p.513). This observation of American life is often set against the equally American penchant for individualism. Underlying this thesis are these two overarching cultural themes

Things have changed little. In the latest attempt to decipher the cultural milieu of the American middle class, a study by Bellah et al. (1985) focuses on the cultural contradiction in society between individualism and social commitment. The classic case of ambivalence inherent in American individualism according to Bellah et al. is depicted as follows:

> We strongly assert the values of our self-reliance and autonomy. We deeply feel the emptiness of a life without sustaining social commitments. Yet we are hesitant to articulate our sense that we need one another as much we need to stand alone, for fear that if we did we lose our independence altogether (p.151).

To the eyes of an outsider, the question of how one can be connected to the collective without jeopardizing felt autonomy is a very captivating one. The very concept of "self-help" is not in the Japanese vernacular; nor is the term, "networking," although her culture typically is characterized as groupy (cf., Rohlen, 1974). Because of the lack of a very clear concept of self (DeVos, 1985), the conflict between self-reliance and social involvement might be less salient in Japanese society. Because of my own county of origin, Japanese society serves as a reference point for most of the arguments presented in this thesis,

There are many potential research areas in which autonomy in a certain social setting is at stake: scientists and engineers in R & D labs (Pelz & Andrews, 1966; Bailyn, 1985); relationships between potential clients and human service professionals such as social workers and psychotherapists in self-help networks (Sarason & Lorentz, 1979; Maguire, 1983); participants in grass-root social movements (McCarthy & Zald, 1977; Katz, 1981; Jenkins, 1983); and elites in the so called "inner circle" of American upper classes (Domhoff, 1983; Useem, 1984)

Entrepreneurs in a social context from the perspective of social networking is the specific focus of this thesis. Entrepreneurs need *objet d'heart.*

Equally evident is that they need outside resources from others who might be as aggressive and individualistic as themselves. Consider hard-nosed venture capitalists, for instance. Consider the variety of consultants in an entrepreneurial community like the Greater Boston area in addition to relatively traditional professionals like lawyers and CPAs. Those service providers are additional resources, without a doubt. The situation, however, is not that simple because consultants, professionals, and other service providers may be helpers or they may represent stumbling blocks to self-help efforts of entrepreneurs.

The definitional problems of "entrepreneurs" are diverse in terms of the distance from Schumpeterian tradition (cf., Hartmann, 1959). Entrepreneurs in this thesis are defined in terms of specific activities. They are the actors who establish their own businesses by combining the resources that otherwise would not be combined. This definition is close to that of Schumpeter by considering the creation of new combinations as their primary function. Its usage, however, is more limited. Here, only people who set up their business by themselves are "entrepreneurs." Schumpeterian entrepreneurs include those creating new combinations in large corporations.

We associate entrepreneurs with the desire to take personal responsibility, self-reliance and autonomy, but they often have to rely on others to start up their own business. This entrepreneurial version of the clash between self-reliance and social commitment or the lack thereof in self-help/mutual aid associations has never been fully delved empirically , although conceptually it is nicely analyzed as a fundamental entrepreneurial paradox (Kets de Vries, 1977; 1985).

People reach other people through still other other people. Entrepreneurs and other professionals who promote entrepreneurship meet in various ways. The meeting place can be an open circle or a *forum* for everyone who has interest in entrepreneurship, whatever kind of resources he or she may bring. By contrast, it can be a fairly closed club or peer-group with limited membership. A club is for cozy warmth and comradeship. To facilitate deeper *dialogue* risks losing breadth in terms of a variety of accessible resources. Both access to the otherwise inaccessible resources in an open forum and dialogue in a peer group club to enhance a sense of bondedness are important (Sarason et al., 1977). The names of two organizations of this study are suggestive of this kind of contrast: the MIT Enterprise Forum and the Executive Dialog Program of the Smaller Business Association of New England (SBANE). Hereinafter, for the sake of convenience, they will be referred to as the Forum and the Dialog.

Anchored in these two organizations is a comparative analysis of different modes of networking -- the circle type and the club type. This typology is an outcome of the early stage of the research process (Kanai, 1986). It was not at all well-conceived at the outset of the study. Instead of imposing the typology from the very beginning, the organization of this thesis follows the original research sequence of the discovery.

Chapter II reviews the relevant literature. Since "networking" is a relatively recent term, though similar phenomena have been casually observed for decades, the literature could not be restricted to a single domain. It is scattered in different areas: entrepreneurial studies, social network theories, exchange theory, and resource mobilization theories. The common threads among the research issues are in the form of *paradoxes* . Paradoxes are powerful ways to make nonobvious things obvious. As such, they lead to new thoughts on a seemingly commonplace phenomenon: people reach other people through still other people.

Chapter III highlights the research questions in conjunction with the various research methods adopted. Issues in this chapter center around the applicability of methodological triangulation and of a comparative method.

Chapter IV and Chapter V provide "thick description" (Geertz, 1983) of the Forum and the Dialog, respectively. For this objective, the representation of the native's viewpoint is given first priority. The theoretical interpretation based on conceptual borrowings from the previous studies and an emergent taxonomy is withheld deliberately in these chapters.

Chapter VI explicates the interpretive framework that grew from the comparative analysis. The circle and the club, pair concepts, are introduced as ideal types of networking organizations. The dimensions or attributes in the taxonomy are described based upon both qualitative data and the relevant literature. The evolution of Forum over time provides the first qualitative insight relating to this theoretical contrast. Forum's history is reinterpreted as an evolution from a club to a circle (and the rebirth of another club). Then the current central function of the Forum and the Dialog are construed from the perspective of two different modes of social networking. Since they are introduced as ideal types, equal attention will be paid to the facts and insider's views that indicate a departure from ideal types.

Chapter VII is aimed at the more systematic comparison of the Forum and the Dialog based on a large scale survey. The two networking organizations are quantitatively contrasted on such dimensions as group atmosphere, participants' initial motive, perceived benefits, their networking behavior, attitudes, and personality traits. Throughout the comparison, qualitative data in previous chapters are reexamined and contrasted to quantitative data as vehicles to interpret the survey results.

Chapter VIII concludes the thesis with a recapitulation of the whole empirical endeavor in order to combine the pieces of this jigsaw puzzle. Directions for future studies in this field are also suggested. If being a Japanese researcher studying in the U.S. biases my speculation, hopefully the bias work in productive ways.

CHAPTER II

THEORETICAL DOMAINS AND PARADOXES: A REVIEW

There are several theoretical domains that pertain to the present study. They seem diverse; but one common thread is that within each area some subtle paradoxes or dilemmas are apparent. The paradoxes seem to be an inevitable aspect of individual networking behaviors in various social settings.

The objective of the review is threefold: first, recognition of relevant theoretical domains of this study from which useful concepts can be borrowed; second, identification of blind spots in these domains -- the areas that are not well-examined; and, third, to provide the basis for forming research questions in the specific domain of entrepreneurial networking.

Theoretical Domains

There are, at least, four distinct domains. They are interrelated from the perspective of the present study; but all of them have developed as independent research areas. The relevant domains are studies of entrepreneurs, social exchange theory, studies of resources mobilization and self-help movement, and social network theories.

Entrepreneurial Studies

Entrepreneurs are human beings. There have been studies of personal backgrounds, individual characteristics, and behaviors of entrepreneurs. Most of these studies, especially the empirical ones, are based on either psychology or sociology. Economic studies contribute little to the empirical analyses of what makes entrepreneurs tick. The Schumpeterian functional definition of entrepreneurs as an economic actor who plays a role of "new combination" is still viable (Hartmann, 1959); but this conception by itself is too general.

As such, "behavioral-science-based" entrepreneurial studies are a research field, which is independent of, although related to, economic theories of entrepreneurs. McClelland's studies and Michigan State studies are the most representative. The studies are psychologically informed and focus on the need for achievement (n-Ach) as a predictor of whether or not one becomes a successful entrepreneur (McClelland, 1961; 1962). At an individual level, a person of high n-Ach is characterized as: willing to take personal responsibility (not fatalistic); eager to get the feedback of results; and inclined to take "calculated" risk. The profile nicely fits with a *heroic* image of an entrepreneur, a man or woman who strives to create his or her own empire (Dale, 1960). McClelland further claims that n-Ach of a nation, at the most macro level, explains its economic development .

Being extremely parsimonious, the theory overlooks various elements in a social and physical infrastructure for entrepreneurs --

establishment of a research based university and its adjacent research park for technical entrepreneurs, for instance. In other words, as is often the case for traditional personality theories, "situational variety" is not highlighted (Snyder & Ickes, 1985). Medium n-Ach person in a situation of pressure for excellence surrounded by many outstanding but close role models of entrepreneurs might be more likely to be an entrepreneur than high n-Ach person in an entrepreneurially "poor" environment surrounded by mediocre people without any admirable models. Entrepreneurs are *situated*; or they choose their own *situation* by moving to a "rich" area.

The heroic image of McClelland's entrepreneurs becomes more problematic, especially when it is juxtaposed with sociological studies of entrepreneurs based at Michigan State University (Collins, Moore, & Unwalla, 1964; Collins & Moore 1970). The MSU studies characterize an entrepreneur as a "reject" of, or a "social misfit" in, a structured, organizational society, who happens to find an outlet for energy in creating his or her own business instead of becoming a hobo. Entrepreneurs may be too "creative" to be incorporated into modern bureaucracy. In the light of MSU studies, however, they are far cry from the heroic image of entrepreneurs in the light of McClelland studies.

There ostensibly is a contradiction. High n-Ach people are more vulnerable to fear of failure than other people, simply because they take risks, assume personal responsibility and challenge an uncertain task. The basic entrepreneurial dilemma of being self-reliant while seeking others' resource remains unresolved (Kets de Vries, 1977; 1985).[1]

In addition to this kind of contradiction, there are some other obvious limits to this study. First, previous studies on entrepreneurial traits have added different personality dimensions and other individual characteristics on a one-by-one, ad hoc basis. They have done so without any coherent theoretical underpinning. and therefore, have produced fragmented results, and, in some cases, mutually contradictory results (Webster, 1977; Carland et al., 1984). Even a seemingly well-accepted attribute of entrepreneurs such as "risk-taking propensity" becomes problematic under the systematic empirical scrutiny (Brockhaus, 1980).

Second, the definition of a population from which samples of entrepreneurial studies are drawn is arbitrary and capricious. For instance, MSU studies define entrepreneurs very loosely (or to be more precise, they give up on defining it), when they include every kind of small businesses owner. Their stigmatized characterization of entrepreneurs sharply differ from the result of MIT based studies (Roberts, 1968; Roberts & Wainer, 1971) that draw a sample of technical entrepreneurs from MIT spinoffs. The contradictions of results come as no surprise because of the differences in populations.

Third, as suggested earlier, the preoccupation of previous

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1. Psychoanalytic studies of this sort, however, do not fully complement the otherwise blind spot of McClelland's line of studies. Rather, they somehow discredited this line of study on "heroic" entrepreneurs in that the research groups of McClelland's tradition has never paid special attention to those unsuccessfully entrepreneurs with high n-Ach who are too "independent" or "poorly connected" to make things happen in this world.

empirical studies with individual characteristics and personal backgrounds of entrepreneurs seems to detract attention from the variety of situations in which entrepreneurial activities reside. Vesper (1983) fills the gap, at least conceptually, with his notion of "situational help" for entrepreneurs including, for example, aid from research universities, venture capitalists, and local governments. Also included in Vesper's list of situational aids are organizational supports such as incubator programs for startups. The flavor of his approach can be grasped from the following:

> The successful entrepreneurs will find himself or herself encountering other successful people not only at business meeting and conferences but also in community activities such as Rotary and Young Presidents Organizations; these can be great source of stimulation and inspiration as well as information regarding further opportunities (Vesper, 1980, p.18).

This perspective is important, but rather general. Vesper (1980; 1983) fails to describe what goes on inside organizations like Rotary and YPO that presumably provide "situational help." Without empirical descriptions, the notion of situational support is merely an arm-chair list. The same difficulty can be found in the concept of "agglomeration economy" in the study of the Route 128 high tech region (Dorfman, 1982; 1983) as well as in the idea of "entrepreneurial network" as technological infrastructure in a government report (OTA, 1984). What the previous studies fail to do is to open this black box of vague situational concepts.

The quest for describing the concrete situation for entrepreneurs such as their meeting place, therefore, is the gap to be filled. Not only McClelland (personality approaches) but also Vesper (situational approaches) claim the importance of the milieu for entrepreneurs (to arouse n-Ach or to provide situational help).

Social Exchange Theory

Networking behavior by its nature consists of social exchange of some sort. Interpersonal behavior, from one perspective, is resource exchange (Foa & Foa, 1980). Formation of a group is basically based on exchanges (Thibaut & Kelley, 1959). This metaphor of "exchange" as a basis of our life may or may not be metaphors people in general and entrepreneurs in particular live by.

The most comprehensive, sociological accounts on social exchange theory are keen on distinguishing "social exchange" in interpersonal relations from "economic exchange" in market (cf., Blau, 1964; Emerson, 1976). An effort toward this objective is to pinpoint the role of non-economic elements that characterize certain kind of networks like trust, friendship, and feeling of long-term obligation (cf. Ouchi, 1980).

This is related to what Malinowski (1961) -- first published in 1922 -- did for his ethnographic account of Kula system of Trobriand Islanders. His central position is that economic system emerges from exchange behavior even in the midst of apparently mysterious magical social rituals. A closer examination of the details, however, reveals a subtlety in ostensibly instrumental behaviors:

> The overseas partner is ... a host, patron and ally in a land of danger and insecurity. Nowadays, though the feeling of danger still persists, and natives never feel safe and comfortable in a strange district, this danger is rather felt as a magical one, ... In olden days, more tangible dangers were apprehended, and the partner was the main guarantee of safety. He also provides with food, gives presents, and his house, though never used to sleep in, is the place in which to foregather while in the village. Thus the Kula partnership provides

> every man within its ring with a few friends at hand, and with some friendly allies in the far-away, dangerous, foreign districts. (Malinowski, 1961, p.92)

Exchange of materialistic resources is one thing. Getting acquainted with one's partner's friends and acquaintances is quite another. From the latter perspective, Kula seems a human network. Also worthy to note, there are emotional elements like fear of danger underlying the Kula exchange in addition to materialistic exchanges of necklace for armlets. Argonauts in the ocean, interestingly, is almost a perfectly felicitous metaphor of entrepreneurs. Entrepreneurs step into unknown new business areas, as argonauts in Kula system, venturing into a strange district with the feeling of dangers as well as with a hope of getting help from their patrons, allies, and partners.

Despite frequent reference to trust, friendship, and even love and emotion as resources to be exchanged, the definition of "social exchange" essentially concentrates on the "instrumental" aspect. For example, Blau (1964) defines social exchange as "voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (p.91).

Social exchange theory is relevant to entrepreneurial networking. But its scope is limited to instrumental dyadic relations. In other words, the contemporary approaches lack the attention to the dexterity of exchange behavior that Malinowski would not miss.

First, if resources are more carefully examined both conceptually and empirically, instrumentality does not seem to cover all dimensions. Foa & Foa (1980) classify group resources transacted through interpersonal encounters into love, status, information, money, goods, and services (along the dimensions of particularism and concreteness). Among them, "*Love* is defined as an expression of affectionate regard, warmth, or comfort; *status* is an expression of evaluative judgement which conveys high or low prestige, regard, or esteem" (p.79; emphasis in original). They are suggestive of "expressive" aspect in addition to "instrumental" aspect of exchange behavior. The expressive aspect is weak in the social exchange literature, but as discussed later, it is salient in the studies of self-help group as a form of resource mobilization. This lack reflects certain dilemmas of social exchange theory. As Cohen (1981) reluctantly admits, "Some people find it troublesome to think of life as exchanges, especially when relationships based on love instead of business are considered. It is not pleasant to think of love in terms of benefits and losses. They tell us that the exchange perspective ignores compassion, tenderness, love and other such virtues" (p.75).

Second, the basis of social exchange is the "dyad." Emerson (1976) claims that "resources are not possessions, or attributes of individual actors, but rather they are attributes of the relationship between actors" (p.348). Resource exchanges, however, happen in a web of relationships such as the Kula as an intertribal exchange network. One area of exchange theory in which network plays a key role is the interorganization theories. Among various contributors to the field, Levine & White (1968) claim exchange as the conceptual basis for studies of interorganizational relations. Benson (1975) advocates the notion of interorganizational network as a political economy. There are different but similar concepts. Confederative organization (Clark, 1965), federative, coalitional, and social-choice contexts of interorganizational relations (Warren, 1967), resource exchange network (Sarason & Lorentz, 1979) are, in varying degrees of explicitness, all based on social exchange theory.

They are, however, far from solving the issue of the proper level of analysis; rather they have complicated the matter, because linkages between organizations must be boiled down to individuals who serve as personal ties. Perrucci & Pillisuk (1970) emphasize the role of "interorganizational leaders" in linking various groups so that they can mobilize resource networks. Underlying the resource dependency paradigm in interorganization theories (Aldrich, 1976; Aldrich & Pfeffer, 1976) is the social exchange. This paradigm also overlooks the expressive sphere of exchange relations. Similar to social exchange theory, it assumes that coping with dependency in interorganizational field is an instrumental action.

These two points provide caveats for this study of entrepreneurial networking. First, expressive aspect should not be left unexamined. Second, in analyzing the empirical data, it should be clearly noted that this study has dual foci. One focus is networking organizations; the other is the exchange behaviors of individual participants in a networking organization[2].

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[2]. As suggested by Dollinger (1984), in the case of small business owners and entrepreneurs, it is quite unlikely for their organizations to differentiate the special role of boundary spanning. Instead, business owners and entrepreneurs themselves represent their organizations, when engaging in interorganizational relations.

Resource Mobilization Theories[3]

Entrepreneurial networking is an interesting representation of resource mobilization theory of social movement. The present study focuses on the movement initiated, expanded, and maintained by entrepreneurs.

The seminal work in the area (McCarthy & Zald, 1973; 1977) formulated an entrepreneurial model of resource mobilization theory. The term, "entrepreneurial," was, however, used in a fairly explicit, non-commonsensual way. The line of studies like theirs have examined the social/political movement in the sixties and seventies. Their focus is not upon the business world. Nor is the focus of the Kimberly's (1979; 1980a; 1980b) analysis of innovative medical program, in which the dean was compared to an entrepreneur for changing the medical education. "Entrepreneurs" in both works are not business entrepreneurs. Their use of the term is metaphoric (So is mine in a varying degree).

This does not necessarily mean that the study of "public sector entrepreneurs" is unproductive. On the contrary, metaphors often pave a way to look at social phenomenon from a different perspective, by implying the commonality between the things that are seemingly so remote. A common thread between the role of leaders in social movement or the dean of the medical school and to the business entrepreneur is such an example. Just like the business enterprise is a form of an enterprise, social movement and creation of innovative schools are entrepreneurial activities. To make new combinations

3. For this section, I owe much to the comments on my draft of the thesis proposal by Bob Thomas.

happen, we need to have those who mobilize resources. They are also entrepreneurs, whether in business or in public domain. For this purpose of mobilizing resources, networking comes into play.

Very similar to the tradition of social exchange perspectives discussed above, "instrumental" resources like materialistic ones for initiating the movement are the central issue in resource mobilization theory. This theory is built upon the criticism about the previous attempts to explain social movement from the "breakdown-deprivation" approach (cf., Merton (1957) for more general argument on relative deprivation). Antithetical to this psychologically tinted (and negative) explanation is mobilization of resources necessary for a social movement, a more sociological (and positive) explanation (cf., McCarthy & Zald, 1977; Obershall, 1978; Jenkins, 1983).

The "breakdown-deprivation" approach proposes that "relative deprivation" triggers social movement. Its basic tenet is that in the beginning is the situation characterized by breakdown, frustration, and commiseration. By contrast, mobilization theory assumes that in the beginning is the mobilization of diverse resources embodied in various individuals. Mobilization is defined as "the processes through which individual group members' resources are surrendered, assembled, and committed for obtaining common goals and for defending group interests" (Oberschall, 1978, p.306). In the mobilization theory, solidarity is also assumed, but only as a secondary role to maintain collective action. Solidarity or a sense of belonging is important only as far as it is instrumental for mobilization. Commiseration, by itself, is not a major issue. In summary, the mobilization approach aims at replacing the deprivation approach. The two approaches, however, appear to be complimentary, because they just examine different aspects of the same phenomena.[4]

The absence of an approach to integrate both aspects is unfortunate. Intriguing to the present study, however, is that solidarity-mobilization approach can grasp both instrumental and expressive motives, although the former is primary and the latter is secondary as explained earlier. Such integration would suggest the inseparability of instrumentality from expressiveness of social movement groups. Solidarity is a source of the sense of belonging that in turn is critical to enhance the probability of raising necessary resources.

The theories of social movement, except for a specific subarea of self-help/mutual aids movement (Katz, 1981), are not so vocal about the process of how a person or an organization is linked to another; that is, the networking process per se. The study by Sarason et al. (1977), among others, provides the most detailed case report of the creation of

4. There is a parallel argument in interorganization theories: one is "lean environment" hypothesis (Evan, 1965; Levine & white, 1968; Aldrich & Herker, 1977) and another is "rich environment" hypothesis (Turk, 1970; 1973; 1983). If the environment is lean, it is easier to build up domain consensus for interorganizational action and to enhance the "organizational awareness of interdependence" (Litwak & Hylton, 1962), due to sense of deprivation derived from the lean environment. On the other hand, interorganizational exchanges are most likely to be happen, if the environment is interorganizationally rich. The studies in the infrastructure of regional high tech community support Turk's argument: the notions of agglomeration economy (Dorfman, 1982; 1983) and technological infrastructure (OTA, 1984) emphasize the success-breeds-success cycle." The "carrying capacity" of ecological system (Hannan & Freeman, 1977) provides a theoretical ground for this argument on how rich a certain environment is. It should be noted that in the social movement literature, the breakdown-deprivation approach hinges on the demand (or motivational) side, whereas the solidarity-mobilization approach on the supply (or "situational capacity", for the lack of the better term) side.

"human service" resource network called Essex network. Their attempt is "a description of a three-year project to develop and sustain the network of very diverse people 'to use' each other in ways that furthered them in their goals of work, at the same time that a sense of bondedness was enhanced" (p.2). It is the nature of the project, i.e., an action project, that makes this research quite distinctive. Like Lewinian action research, Seymour Sarason, a community psychologist at Yale, and his research colleagues were actually involved with and intervened in the process of the emergence of this network.

Self-help Theories

The same study leads us to another related research area that I call "self-help" theories. The paradoxical role of professionals in a naturally-occurring emergent network seems most insurmountable, when the authors make a rather strong statement that "Networks exist; they are not created" (Sarason et al., p.39). How can outside professionals be involved with a natural, grass-roots network without deteriorating the essence of "self-help/mutual aids" as its most prevailing superordinate goal?

This paradox has been well-documented in the special issue on self-help groups in *Journal of Applied Behavioral Science* in September, 1976 (Volume 12, Number 3). For instance, the study by Back & Taylor (1976) argues:

> Professionals have failed in the client's view, while a lay group, a group of persons having the same deficiency, has been able to help. .... One of the most striking characteristics of self-help adherents is *distrust of professionals* " (p.299, p.301; emphasis added).

Three comments on the paradoxical role of professionals and other service providers are in order.

First, what appears to be a crisis, or at least something critical or unusual for laypersons is a routine handling for professionals. Examples are replete in a modern life: suing or being sued for clients of lawyers (cf., Black & Baumgartner, (1980) for legal services in general); neurosis for patients of psychiatrists (cf., Illich (1976) for medicare in general); and clients of consultants who write business plans for venture capitalists (cf., Parthe & Schaufeld, 1984). Critical events for laypersons are the domain of routine professional treatment.

Second, usually a self-help movement has more of an expressive origin to formed to help people discuss their problems, worries, and anxieties. Its participants typically are weak or deprived or stigmatized (Goffman, 1963). Confession plays an important role of mutual encouragement that "I am not the only one" in a closed, protected terrain of self-help group (Hurvitz, 1976). Goffman's (1963) label of "huddle-together" groups is very revealing. By contrast, professionals (as an ideal type[5]) are more specifically trained to be instrumental. They may or may not show empathy with layperson's expressive needs, but by no means do they show their own personal concerns. Moreover, they look strong, or even omnipotent in their specialized area. Self-help/mutual aids movement, in this respect, is an anti-professionals

5. This qualification is needed, because as will be discussed later professionals do have their own share of loneliness and emotional reactions. A helping profession as a machine- like "instrument" is an ideal type.

movement which often claims at the initial organizing stage that professionals are not omnipotent (cf., Blumer, 1969)[6].

The upshot of the above two comments is that self-help groups as a kind of resource exchange network *ideally* should be like "likes helping likes," (e.g., women helping women, teachers helping teachers (cf., Sarason & Lorentz, 1979, p.48), or in our context, entrepreneurs helping entrepreneurs), not "professionals helping laypersons." Most of self-help groups *in reality* lend themselves to some kinds of professional help and advice (Steinman & Traunstein, 1976; Maguire, 1983), however.

A third point is related to this issue. The critical fact one could not overlook even when attempting to create a "self-help" network is that professionals have access to various kinds of resources that one would not be even aware of without their help. Taking a simple example of locating peers, if one plans to organize entrepreneurial peer groups for real young startups, how does one know where they are? Does one know thoroughly enough? A layperson may not; but venture capitalists or new venture consultants/advisors, or other professionals do. Venture capitalists, for example, because of one of their primary tasks of screening a numerous amount of business plans, are in a better position to meet many entrepreneurs. A layperson can do that by

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6. Blumer's (1969) five stages of development of social movement include (1) agitation and unrest, (2) the formation of a group to exploit and cure this unrest, (3) development of morale, (4) formation of ideology, and (5) transformation into a political movement. Back & Taylor (1976) applies Blumer's framework to self-help movement and argues that agitation and unrest in the first stage typically are about the distrust of professional omnipotence.

asking friends, and snowballing the list of potential members. Asking friends may work and is perfectly fitted with the norm of "self-help." (This is why the directory of members becomes a valuable asset in a self-help network). The method, however, might not be as far-reaching and efficient as the one supported by professional helps because more often than not professionals have their own data base for clients.

Therefore, in reality, self-help networks do rely on professionals. For example, the empirical study of forty eight self-help groups reveal that 38 percent willingly use services of trained professionals and an additional 58 percent of groups actually use professional services though unwillingly (Steinman & Traunstein, 1976). In other words, almost all of them (46 out of 48 groups surveyed) rely on professional helps in some way or another. Maguire (1983) admits the potential danger of introducing professionals in a self-help network. He also argues that one of the factors which makes modern self-help movement distinctive from traditional natural network like kinship ties is a partial inclusion of professionals. Using human services that involve social workers as an example, Maguire illustrates the cases of partial inclusion, as follows:

> By definition, self-help groups are run by and for people who share a concern or problems; this excludes professionals who do not personally share the problem. However, professionals have devised a great many ways of working with self-help groups so as not to undermine their autonomy and self-reliance. .... There are four specific instances when the need for social work intervention with self-help are most clearly indicated. The first is where the individual clearly has no personal and material *resources* or extremely deficient. The second is where the *resources* are not readily perceived by the person or where they are dormant. The third is where the problem is sufficiently serious so that professional social work assistance in developing the *resources* becomes crucial to successfully working through the problem. Finally, social workers must encourage the self-help capabilities of a

client when the nonpersonal *resources* needed are not as available to the client as they are to a professional social worker. (p.33, p.36; emphasis added)

Kleiman et al. (1976) provides a case of collaboration between lay volunteers and professionals; but basically empirical evidence of the collaborative model is rather thin as compared with the cases of distrust in professionals. Maguire (1983) may be too optimistic. The paradoxical role of professionals in self-help movement remains very subtle and tenuous, even if there actually are some collaborative cases.

Social Network Theories

Social network perspective plays an integrative role in this study. Its relevance to entrepreneurial networking is twofold. For one thing, the above arguments have already touched on several issues related to social network theories. These arguments have implied that the network perspective is an area in which concepts drawn from the situational support perspective (in entrepreneurship studies), the social exchange theories, the resource mobilization theory, and the theories on self-help movement converge. For another, the network studies in various domains have shown that most innovative and creative activities happen in some form of social networks, whether in science (Price, 1963) and industrial R & D (Allen, 1977), in diffusion of process know-how (Von Hippel, 1986), or in the culture industries such as popular recorded music (Peterson & Berger, 1971), art (Becker, 1982), high fashion (cf., Piore & Sabel, 1984), and academic publishing (Powell, 1985). Even in the political arena innovation and creativity happen in social networks (Alba & Moore, 1978; Moore, 1979; Domhoff, 1983;

Useem, 1984). The areas are diverse; but the players in these network studies all lend themselves to creation of something new -- new knowledge, new perspective, new values, and new sense. Although the original foci of these studies are not necessarily on this facet, there is a common thread among them, that is the creation of something new to the society. Presumably, network facilitates both identification of new elements and possible new combination of elements. Entrepreneurs are creators of a new business; more interestingly in the Schumpeterian conception they are the carrier of "new combination".

The social network approach is more than a conceptual building block to the present study. It comes as no surprise to find that the studies of high tech cultures and economies allude to the idea of "entrepreneurial network " (Rogers & Larsen, 1984; OTA, 1984). This approach is a general basis on which various concepts are constructed. Three very specific conceptual borrowings, however, are relevant, here.

First is the strength of weak ties paradox (Granovetter, 1973; 1974; 1982). This refers to the puzzling fact Granovetter unearthed in his study of job search behaviors. People who are connected to a person very "weakly," exchange novel information and produce unexpected access to broader resources compared with those who are connected "strongly." In other words, remote acquaintances are more likely to be a better informational source for getting a job than close friends. The "strength" of an interpersonal tie is defined as follows:

> [T]he strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie. . . . It is sufficient for the present purpose if most of us can agree, on a rough intuitive basis, whether a given tie is strong, weak, or absent (Granovetter, 1973, p. 1361).

Granovetter's graph-theoretical interpretation is that strong ties are not a bridging tie between different circles that enlarges one's world; all bridging ties are weak ties. The reverse, however, is not the case; not all weak ties are bridging ones.

Second, multiple membership is facilitative of creating a linkage between groups which otherwise would remain separated. Perrucci & Pillisuk (1970) highlights the role of "interorganizational leaders" in linking various associations. Leaders who are active in interorganizational fields become members of different organizations, and thus they are the linking pins in overlapping, multiple networks. Alba & Moore (1978) and Useem (1979) have found a large social circle where people who belong to different cliques could meet or at least have indirect interactions with each other. Multiple membership is related to the function of weak ties. Strong ties combine people within a group; weak ties link people in different groups. In other words, overlapping, multiple membership facilitates macro integration through weak ties. An exclusive attachment to a small clique increases macro fragmentation although it enhances intraorganizational cohesiveness based on strong ties (Granovetter, 1973; 1984). Weak ties rather than strong ties are more conducive to strengthening a sense of community in Sarason's (1974) sense. This is another aspect of Granovetter's paradox:

> Weak ties, often denounced as generative of alienation ... are here seen as indispensable to individuals' opportunities and to their integration into community; strong ties, breeding local cohesion, lead to overall fragmentation (Granovetter, 1973, p.1378).

Multiple membership, thus, is germane to the function of weak ties. If one wants to be relaxed in an internally cohesive group, one may not be actively seeking weak ties. Weak-tie seekers (in terms of a position in the network)are more inclined to plunge one into various associations.[7]

Overlapping, multiple membership not only facilitates macro integration but also improves reliability of communication. Landau (1969) deals with values hidden in overlapping, duplication, cr redundancy quite positively based on the analogy between a natural system and a highly reliable artificial system. An airplane should be very reliable. For that purpose, there are many overlapping devices networked with each other to work when one of them is out of order. So is created an organic system with a lot of redundancies that best assure the credibility of communication network between elements. Why do "networkers"[8] attend two or more associations? Multiple membership is the credibility circuit through which one becomes more likely to meet over and over again not only long-time friends but also a stranger with whom one has met in some organization by chance. Redundancy has its own function. Thus, multiple membership in similar organizations is not fruitless.

Third, a restricted geographical boundary is necessary for network activities. The study by Provan et al. (1980) postulates that

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7. The term, weak- or strong- tie seekers, does not refer to human characteristics like a personality. The term is used just for convenience. It implies position orientation in the network.

8. The term, "networker," may sound odd. It is used by many, if not all, of my interviewees, however. In its native usage, a networker is simply defined as somebody who is active in and keen on networking.

"organization must establish and legitimate activities within appropriate domains in order to justify support from their environment" (pp.205-206). The number of years an agency existed in the community is used in their study as an operational measure of "establishment in the domain" and predicted the power relations within interorganizational field. Boundary becomes blurred especially when one shifts one's attention from a fairly closed group combined through strong ties to a larger number of people linked to each other by weak ties. The latter can be even global. Still, it is realistic to conceive of some geographical domain such as the "Greater Boston area" (used in the present study) to preserve the notion of the domain. It is theoretically important to do so, because establishment *in* the domain is related to "social embeddedness" of seemingly purely "economic" exchange behavior (Granovetter, 1984).

Recapitulations of Paradoxes

Basic Entrepreneurial Paradox

Social exchange, resource mobilization, and resource dependence theories all suggest the primacy of the instrumental aspect of networking. These perspectives are interesting in the context of entrepreneurial stereotypes since they make conspicuous that even "self-reliant" entrepreneurs must depend on others for critical resources to start up or expand their businesses. The fundamental paradox of entrepreneurs, according to Kets de Vries (1977), is that entrepreneurs have to create a work environment of high dependency while professing high need for independence and low need for support.[9] Kets de Vries (1985) later concluded: "Many of the entrepreneurs [he interviewed] are preoccupied with the threat of subjection to some external control or infringement of their will" (p.162).

This paradox may be the key for understanding the attraction and importance of a self-help network or peer group for entrepreneurs. The negative sense of dependence is perhaps attenuated, if resources are drawn through collective self-help efforts or through help one can get from peers who have gone through similar problems. Let us take strategic advice from others as an example. The elaboration of an internal strategic planning system in small businesses, formalized and systematic as it may be, is not so effective as the use of outside resources (Thurston, 1983). Robinson (1982) has conducted an evaluation research on the impact of a program called OBSP (Outside-Based Strategic Planning) based at SBDC (Small Business Development Centers). Confirming its positive impact, Robinson concludes that "small business should incorporate outsiders into their planning and strategic decision making" (p.91).

An entrepreneurial peer group, however, is more than the instrumental use of peers as a resource. If that is the only purpose of networking, professionals and consultants might accomplish this objective more effectively in lieu of entrepreneur peers. What consultants cannot do lies in authentic sharing of feelings and/or confessing their own experiences. Interestingly, in one of a very few

9. In terms of career anchor, Schein (1977; 1978) characterizes entrepreneurs as anchored in "creativity" rather than "independence." Independence is more typically an anchor for consultants and professionals.

empirical studies pertinent to entrepreneurial peer groups, it is reported that 52 percent of entrepreneurs drawn from the members of SBANE (Smaller Business Association of New England) did "frequently feel a sense of loneliness" (Gumpert & Boyd,1984). In addition to the large scale survey, the authors have conducted interviews that reveal the importance of peer groups in alleviating entrepreneurial solitude. One of their interviewees makes the remark: "It's [the informal monthly lunch meeting of peers is] *a great support group -- sort of a misery-loves-company thing* " (p.20; emphasis added).

Entrepreneurial solitude is not necessarily just a micro-psychological problem. It is also a macro-sociological problem; some societies value entrepreneurship, and others do not. If a society puts a social stigma on entrepreneurs, the societal milieu of the society is a "situational barrier" for entrepreneurship (Vesper, 1983). Situational barrier is a pair concept of "situational help" (Vesper, 1980). Even in the U.S. (at least, in some parts of the country), entrepreneurial careers are to some degree stigmatized, as reported by the Michigan State University studies (Collins et al., 1964; Collins & Moore, 1970). It is a larger society that legitimatizes or illegitimatizes formalized activities (Meyer & Rowan, 1977). Both entrepreneurship as a career and the organizational attempt to promote entrepreneurship as an institution often get little or negative credit from the larger society. Loneliness inherent in the life of an entrepreneur is not only psychological but also sociological.

Network Paradoxes

Three paradoxes are worth further examination: strength of weak ties, diversity-homogeneity dilemma, redundancy-reliability paradox.

(1) Weak-tie paradox The most relevant paradox for this study is the "strength of weak ties." Weak ties are important in locating resources and information from a broad domain and in gaining access to them. Given the fundamental "dependence paradox," the search for critical resources necessary for new ventures should be thorough and efficient for entrepreneurs who are quite likely to be reluctant to rely on others. Remote acquaintances (weak ties) rather than close friends (strong ties) should help this search (Granovetter, 1973).

Based on the review of the studies in strength of weak ties conducted after his own work (1973; 1974), Granovetter (1982) surmises that people with high socioeconomic status seem to be better at enjoying the benefits from bridging weak ties. He also suggests that on the contrary, people with low socioeconomic status, basically the deprived in some sense, tend to stick to close ties (friends and relatives). The choice of low status people is not appropriate for mobilizing resources to get out of their predicament and dilemma. Granovetter (1973; 1982), however, admits that strong ties have their own function of enhancing internal cohesiveness of the group at the risk of macro fragmentation; exclusive concern for weak ties may achieve macro integration, potentially at the risk of micro fragmentation (loss of cohesive primary groups).

Granovetter's finding, in short, is that weak ties are "better" (or "stronger") than weak ties. The strength of weak ties is a paradox that deserves attention. This paradox, however, does not deny the "strength of strong ties," a statement too obvious to notice. Obviously, strong ties have their own advantages. "Strength" is a tricky term. The question is what is meant by "better" (or "stronger") in his paradox. It is a term relative to the dimension of benefits one expects from the use of ties. Maguire (1983) suggests an interesting proposition on this point:

> Individual networking for resources ... depends on who is doing the networking and their purpose. In general, personal and emotional support and guidance is best provided by either long-standing, intimate friendship or kin network. Material resources and less readily available or more technical resources or services must be provided by more diverse, less intimate, second-order networks, that is, network members known wholly or primarily through another or even a series of other contacts. (p.70)

This observation can be reinterpreted that strong ties are functional for expressive use of networks; weak ties are functional for instrumental use of them (although Maguire (1983) has no reference to any one of Granovetter's works). The Granovetter's definition of the "strength" of an interpersonal tie, as cited above, refers to the degree of intimacy, that is an expressive, emotional aspect. The way he uses the same term, "strength," when he calls the strength-of-weak-tie paradox, focuses on the instrumental aspect of finding a job, however. Granovetter not only unearths this paradox, but also suggests a subtle relationship between expressive and instrumental use of networks.

The real challenge for networkers resides not just in awareness of the weak-tie paradox and exploitation of bridging weak ties but more in an apparent dilemma of getting the most out of strengths of both weak and strong ties at the same time.[10]

(2) **Diversity-homogeneity dilemma** There are two opposing arguments about whether similarity or heterogeneity of members produces better relations. Again, it depends on the question of "better in what sense?" Each argument is most appropriately represented by value-homophyly hypothesis and variant-value hypothesis.

Value homophyly is defined by Laumann et al. (1974) in connection with an underlying hypothesis, as follows:

> Value homophyly, the term we shall use to refer to the variable degree of value, attitude, and belief similarity or congruence between two individuals, may promote or prevent a social relationship, depending on the type of relationship being considered. Obviously, high value homophyly is not required in a highly *instrumental* relationship as business transaction between a buyer and seller. (p.166)

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10. The additional question that should be further studied is whether a weak tie can be expressive. A parallel question to this is whether a strong tie can be instrumental. These questions are, however, tricky in two respects. One is that the way we will empirically tackle the research questions depends on how we define the expressive and instrumental links. Definitional problems may reveal that this issue can be simply tautological. In order to avoid the tautology, the present study limits the use of "instrumental" and "expressive" only in referring to the *benefits* of networking. There are no such concepts like expressive and instrumental *links* . Another problem is that in considering the means-end relationship between these two aspects. Instrumental use of the network, in the beginning, may later create a sense of solidarity. On the other hand, expressive benefits can be trigger to exchange resources, which otherwise would not happen. In the present study, in order to avoid this inseparability, I do not delve into the more complicated issue of how the nature of ties changes over time. It is, without any doubt, an intriguing research question in the future.

An implicit pair hypothesis is that value homophyly is more crucial in a highly *expressive* relationship. Therefore, Laumann and his associates very carefully avoid the universal argument that value homophyly is important in every kind of relationships.[11]

Variant-value hypothesis (Turk, 1963) posits that different (rather than similar) value orientations between different professions bring higher cohesion in their social relationship. It is argued that the "cohesion of a structurally differentiated system rests on some tolerated variability in the values to which its various parts are oriented" (p.37).

The issue of diversity-homogeneity dilemma, if simply stated, is that without a minimum degree of commonality (or something universal at a deeper level), it would be difficult to relate oneself to others; at the same time, without some degree of diversity, it would be much less likely to get fresh and invigorating perspectives and novel (unexpected) information and resources. This reminds us of the contrast between functions of strong ties and those of weak ties, discussed earlier. There is a very clear parallelism, here. Granovetter (1982) treats the concept of value homophyly as an attribute of strong ties, loosely defining it as the tendency to choose friends from those similar to oneself. Parallelism is more than this aspect because both strong ties and value homophyly are strongly associated with *expressive* needs of members

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11. Unlike other major concepts in social networking analyses, value homophyly is on the side of motivational orientation rather than structural positional attributes. It is worth examining whether the actors in a structurally equivalent position are going to have similar value attitudes over time. In the present issue, it is assumed that value homophyly or value variance is an antecedent to networking behavior. Moreover, the dynamic changes of value orientation over time is beyond the scope of my study.

of a network; on the other hand, both weak ties and value variance are linked to *instrumental* use of a network. We need both in our networking attempts.

(3) **Redundancy-reliability trade off** Landau (1969) contends the importance of redundancy in enhancing reliability of communication and the adaptability of a system. He does so by applying the insights from natural automata (natural networks) to studies of social networks. His basic tenet is that a natural organism is a self-organizing system that is characterized by richly redundant networks with a considerable degree of "overlapping" and equifinality (multiple routes to the same end). This characteristics makes a natural system, despite its complexity, relatively free from errors and failures of communication among elements in the system as compared with an artificial system.

Redundancy or multiplicity in the context of networking is multiple membership. Why does one bother to attend various similar associations? Why is an "interorganizational leader" needed in addition to an "organizational leader" (Perrucci & Pilisuk, 1970) ?. Home Brew Computer Club in Silicon Valley is a classic example of a network born out of a grass-roots movement. It was the product of an evolution rather than a careful design from "above"; that is, state or federal government. As a natural, emergent, and evolving system, Home Brew Computer Club might have characteristics similar to natural automata which allowed redundancy and hence reliability and flexibility of communication among members. Moreover, what is more important in "Silicon Valley Fever" is that there are so many networks in the area. Home Brew Computer Club., albeit prominent, is not the only one.

Moreover,the people in Silicon Valley know that multiple networks exist (cf., Rogers & Larsen, 1984). One can enjoy creative redundancy by attending more than a few similar organizations and maintaining multiple membership.

On surface, it is paradoxical to know that redundancy has a positive effect in networking. At the same time, it may not sound like a paradox, because it is almost a cliche that repeating the same message over and over again (at the risk of losing succinctness) assures the communicative reliability. It is more like a trade off between redundancy (especially, a loss in time) and reliability rather than a paradox. Hence the rubric of the section, "redundancy-reliability trade off."

Self-Help Paradox

There are three problematic issues regarding the spirit of "self-help." To keep a movement authentically and solely based on self-help/mutual aids is quite a challenge. As touched on earlier, professionals and other consultants may sneak in to play a role in the process of network expansion, perhaps because networking for those people is a way to find a client. The resulting network is an asset for their profession. Another complicating factor that may creep into a network is the institutionalization or some sort of bureaucratization, especially when the network is expanding. Thus, the expansion may be self-defeating to a genuine self-help movement.

(1) Professional's subtle, paradoxical role Inclusion of professionals in some self-help groups is a mixed blessing. The dilemma is derived from the double-edged power of professionals and the powerlessness of laypersons as their potential client in broadening access to various resources "out there."

There are two basic theoretical grounds that account for the importance of peers in self-help movement to be a rationale to eliminate professionals. The first is Festinger's (1954) theory of social comparison. If one is thrown into an uncertain situation, one usually observes how others behave in a similar situation. Situational norm can be learned through a vicarious rule-learning (Bandura, 1977). People are most sensitive to others whom they perceive to be akin. Those akin serve as a reference group in coping with the problems. Psychological modeling and observational learning are in operation in a peer group. Unless professionals are as empathic as peers (which is dubious), observational rule-learning through sharing experiences is more productively facilitated in a peer group than in a group initiated and maintained by a somewhat "detached" professionals.

Secondly, consider the social construction of reality (Berger & Luckman, 1967) through mutually expressing (confessing) one's thoughts and ideas. The world, especially a wounded one, cannot be defined and construed by professionals. It is somebody who is an insider that finds his or her fellows to define their own world. Intersubjectivity is not a one-way drive that imposed the direction defined by experts upon laypersons. We live in this world, because it is we who define our own world. Phenomenologically, not only professionals and experts are outsiders to members of a peer group that shares a common world, but also they may have their own cosmology and define the world separately.

Antze (1976) examines the formal mission statements of Alcoholics Anonymous, Recovery, Inc., and Synanon as three cases in focus, and concludes that ideology is an integrating concept for a self-help movement. His recommendation for a cure -- not a panacea but at least a quick fix -- of the predicament of professionals and other service providers is quite straightforward: "the first rule for professional working with these groups [self-help peer groups] must be a scrupulous respect for their teaching," -- because "[w]henever outsiders try to support or cooperate with one of these organizations [self-help organizations], they run some risk of tampering with its ideology" (p.344).

As such, the analysis of an original, official mission statement of networks is important in understanding the puzzling role of professionals and other service-expert providers.

If professionals, consultants, and other service providers are simply "bad guys," the solution is simple, "exclude them!" If such were the case, there would be no paradox. What makes the role of professionals in a self-help group critically paradoxical is that they do have expertise and access to various other resources and to those who embody resources. Those resources are either invisible or unreachable for laypersons. Professionals might not be deeply plunged into the inner world of a self-help group where most notably "confession, catharsis, mutual identification, and the removal of stigmatized feelings" characterize the psychological process of "sharing experiences or feelings with *a body of like-minded others* " (Antze, 1976, pp.323-324; emphasis added); on the other hand, they might have their own resources as professional expertise and broader ties to the profession-based network.

(2) Formalization paradox Formalization is defined as the extent to which written legitimate rules and standard operating procedures are formed and elaborated. It is a major dimension of bureaucracy.

Along with professionalization, the study by Steinman and Traunstein (1976) warns that bureaucratization is another factor that undermines the self-help movement. Sarason & Lorentz (1979), in analyzing several case studies of resource exchange networks, raised the same question:

> How did the network of loose, informal, resource exchange, face-to-face relationships change (if they did) as a consequence of the dynamics of becoming a formal organization having a structure, defined tasks, leadership roles and hierarchy, and the need to pursue financial support? (p.64)

Traditional professions can be found in the area where the problems of clients are well-known or, at least, the symptoms of the problems are very clear; think of lawyers and medical doctors.[12] The *raison d'etre* of grass-roots self-help movement is that there are no existing professions and experts for the problems at hand. Then the persons who share the problems are the only source for useful

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12. It can be argued that professionals exist and thrive in a domain where "artificial" (or professionally created) ambiguities reside. For instance, venture advisors exist, because they claim that writing a business plan and persuading a venture capitalist to invest in it is an esoteric art. Medical doctors may enjoy their long standing professional status, because they normally don't explain what really is going on inside the patient. The same, in varying degrees, is true for other professions.

information. The "liability of newness" (Stinchcombe, 1965) is inherent in the embryonic stage of an emergent network.

One solution to cope with "liability of newness" is the inclusion of well established professionals. As the professionals' dilemma shows, even the partial inclusion of professionals in a self-help network is problematic. Another cure that is quite likely to happen is institutionalization, thereby formalizing the project to ease legitimatized in a community or larger society (Meyer & Rowan, 1977; Scott & Meyer, 1983).

As Kimberly (1979; 1980a; 1980b) demonstrates by his case analysis of the innovative program in medical education from the perspective of organizational life cycle theory, institutionalization is a double-edged sword. It should eliminate all of the inefficiencies derived from newness and innovative nature of the program. In return for the stability of the activities realized through institutionalization, one has to give up the very exhilarating, innovative nature of the project. Taking the balance of innovativeness and stability is a basic dilemma of organizing as an evolutionary process (Weick, 1979). A networking organization is no exception.

(3) Expansion paradox It seems that expansion itself may be a cursed course of action for a self-help movement. The small club within which members are linked to each other by strong ties, in the process of rapid expansion, might lose some of the original momentum of the movement. The displacement of goals can be possible (Merton, 1957). Strong ties, coupled with the focus on an expressive objective, cannot be maintained as the self-help network grows rapidly and significantly beyond the level of a cushy, cozy club.

The mixed feeling of growth is well-documented in the Essex network project partly based at Yale. Along with the researchers' concern over creeping formalization that is a result of the growth, the academic planners of the project (Sarason & Lorentz, 1979) recall the relevant experience and give us a practical caveat:

> To anyone seeking to develop a resource exchange network, the thorny question is, "What would the network have to look like to make each person in it more accessible to every other person in it for the purposes of resource exchange and expanding the numbers and variety of people (resources) in it?" Not "anyone" seeks to develop a resource exchange network, but rather self-selected people with a mission (and we do not use that word in any pejorative sense). (p. 170).

There seems to be a certain limit of "desirable" growth for a homey and secure group in which members are known to each other based on strong ties seeking expressive needs. How can one dare to express one's worries in front of hundreds of people? An informal peer group can work within a certain limit in size.

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These paradoxes seem to reflect the elusive nature of the object of this study. They are summarized in Table 2-1. All of them include some useful concepts for this study.

Table 2-1
Paradoxes Related to Entrepreneurial Networking

Name of paradox	Research domains	Basic concepts	Paradoxical relationship
• Entrepreneurial paradox (Independence and dependence dilemma)	-Entrepreneurial studies (Kets de Vires, 1977; 1985) -Resource dependence (Aldrich, 1976)	-Personality traits such need for independence	-Self-reliant entrepreneurs create their environments where they have to rely on others for critical resources
• Weak-tie paradox	-Social network theory (Granovetter, 1973; 1982)	-Bridging weak -Integration and fragmentation	-Weak ties are stronger in bringing novel information and resources than strong ties
• Diversity-homogeneity dilemma	-Social network theory (Laumann et al. 1974) -Social integration (Turk, 1963)	-Value homophyly -Variant value	-Without some homogeneity and commonality, it is hard to share experiences; and at the same time, without heterogeneity and diversity, it is unlikely to have a fresh perspective and new combinations of different views, ideas, and experiences
• Redundancy-reliability paradox	-Natural automata (Landau, 1969) -Interorganizational leaders	-Overlapping (equivocality) and redundancy -Multiplicity	-Redundancy and multiplicity (overlapping, multiple membership in similar organizations) provide reliability in communication in a natural system (linkages between elements)
• Paradoxical role of professionals in self-help group	-Social networking (Maguire, 1983) -Social movement (Katz, 1981)	-Image of professional omnipotence -Self-help group	-Outside help from professionals, being useful in widening access to resources, can undermine the very credo of self-help and mutual aid
• Formalization paradox	-Organizational life cycle (Kimberly, -Instituionalization (Meyers & Rowan 1977)	-Institutionalization, formalization -Liability of (Stinchcombe, 1965)	-New programs are unstable. Institutionalization stabilize operations, but may damage innovativeness of new programs

(Table 2-1, continued)

Name of paradox	Research domains	Basic concepts	Paradoxical relationship
• Expansion paradox	-Resource exchange network (Sarason & Lorentz, 1979)	-Growth/size -Displacement of goals (Merton, 1957)	-The expansion of a network -- the success measure of the network -- may undermine its original missions

In summing up the section on paradoxes in the literature relevant to entrepreneurial networking, I should emphasize that although the topics seem to be diverse and less powerful in terms of parsimony (as compared to one predictor -- n-Ach -- paradigm of McClelland) all of the paradoxes repeatedly center around the same notions of (1) strong vs. weak ties, (2) instrumental vs. expressive needs of networkers, and (3) individual vs. organizational requirements.

CHAPTER III

RESEARCH QUESTIONS AND METHODS

In this chapter, the methodological issues in connection with research questions are are presented. First, my research objectives are described briefly, followed by articulation of my specific research questions. Then the sources of my data are described, with special reference to why and how I choose the comparative method to find the attributes of entrepreneurial networking.

Features of the Study: Novelty in the Old Pattern

The basic research objective is to understand what members of the entrepreneurial community mean by the term "networking." I do not assume, of course, that this native view is a monolithic one. Moreover, networking is regarded as "situated behavior," tied to a specific context. Thus, the study focuses on specific social occasions which involve networking.[1] These occasions are (1) the monthly case presentation meetings of MIT Enterprise Forum and (2) the monthly (in

[1]. In other words, this study does not deal with "networking in a vacuum."

principle) group meetings of Executive Dialog Groups in SBANE (the Smaller Business Association of New England).

There are several levels of comparative analysis undertaken in this study. The primary contrast is between the Forum and the Dialog. Secondary comparisons are also made between different occupational communities -- i.e., entrepreneurs versus professionals and other service providers; and among different developmental stages in the history of the organizations.

This study combines qualitative and quantitative methods. Methodological triangulation is used; that is, quantitative method elaborates in a systematic way on the attributes or dimensions of entrepreneurial networking drawn from qualitative insights.

Research Interests and Questions

The choice of the combination of methods follows the nature of research interests and questions. As such, the latter is articulated first. Due to the exploratory nature of the pilot study, that focused only on the Forum, specific research questions have "evolved." The questions were not planned in advance. They "evolved" but within a certain range. The basic form of the research question is simply: *how entrepreneurs network with others*. This question is examined from various perspectives.

On the most naive level, my own research interest resides in sheer curiosity of how and why MIT students, alumni and their "techy" friends, with little knowledge of "management," can start up their businesses with a little (but oftentimes meaningful) help from participants in the Forum. Let me illustrate. While I was attending a week long seminar sponsored by the Forum on how to manage high technology firms (that was held during the IAP period[2]), there was a student at the age of nineteen who asked several sensible questions to the speakers of the various sessions in the seminar. I asked him why he was so serious; and he said, "Our products are already in the market, and we need to know how we could get out of 'shoestring budget by appealing to the venture capitalist community." That one so young could be so involved in the business community highlighted my curiosity.

Compared to the structural analysis of social networks, my emphasis is more on understanding not describing of networking. Some structural concepts like weak ties and multiple membership are relevant, but the central focus is on the understanding of networking as action, not the analysis of networks as a structure by itself.

Initially, the study was started as a single case study (Kanai, 1986) bearing upon this research interest. The study was later extended to a comparative study. At the end of the Forum interview, the question on how insiders think of other similar networking organizations was raised. I could locate other organizations in the area. Among several of them that I attended, I expected the Dialog at SBANE would provide a theoretically intriguing reference point in comparative analysis. The aim of comparative analysis will be fully discussed at the

2. The IAP is the period for MIT students and alumni to have sessions of their own interest during January before the Spring term begins.

end of this chapter; for the moment it is sufficient to point out that the comparison of contrasting networking organizations is crucial for generating the interpretive framework to discover dimensions of networking. Therefore, the research question for comparison is: What are the "theoretical"[3] attributes of networking that could best explain the observed differences between the Forum and the Dialog? The taxonomy will not be presented until the descriptive accounts of each organization are offered in the next two chapters.[4] Research questions at a more specific level include:

- What kinds of people participate in each organizations? How do they differ?

- How do the original missions (and other related basic norms about membership and group composition/size) compare to each other?

- What are the differences in participants' initial motives to attend each organization?

- Are there systematic differences in the types of perceived benefits for members or participants?

Description of each organization through intensive interviews and observations generates a theoretical taxonomy that is the heart of this

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3. I mean "theoretical" from the perspective of "grounded theory" (Glaser & Strauss, 1967)

4. This issue is an argument about presentation rather than description of the method per se. The way the result is presented , however, is greatly influenced by the method adopted. The rationale for presenting an *intact* case descriptions first -- or for refraining from discussion of taxonomy until the end of descriptive accounts -- resides in my intention to preserve the refutability by other researchers about the interpretive framework. A minimum degree of selective bias is inevitable, however, in case description as is measurement error in so-called rigorous methods.

study. The taxonomy, in turn, is elaborated by a systematic comparison through survey data

Multiple Source of Data

Geertz (1973) makes a provocative statement about how one can be an interpretive anthropologist. "Anthropologists don't study villages (tribes, towns, neighborhoods ...); they study *in* villages" (p.22; emphasis in the original). This study, in the strictest sense, is *not* an ethnographic study (Agar, 1985). For instance, the interviews are not ethnographic ones (Spradley, 1979). Yet, in terms of the aim of describing natives' views of entrepreneurial networking, this study follows the Geertz' tradition. I studied *in* that community; and *experienced* two different organizations as a participant and an observer.

Naturally, the sheer fact of being from a different culture always sensitizes the aspect of understanding and interpretations of what I have experienced in the initial research process. In this process, the essence of seeing the things from the point of view closer to native's resides in the exposure to "experience-near" concepts rather than "experience-distant" concepts.

(1) Field observation The study is basically a field research, including a field survey . From September of 1985 to March of 1986, I was a participant observer of monthly case presentation sessions of the MIT Enterprise Forum. I was also allowed to attend the Annual Workshop of the Forum in 1985 and 1986 and a private (invitation-only) session called New Venture Clinic in June, 1987. All of these occasions were held at MIT: Room 10-250 (a fairly large and luxurious classroom) for the monthly session; MIT Auditorium and other smaller classrooms for the sessions in the Annual Workshop; and a private dining room at the MIT faculty club for NVC.

I observed these sessions as an ordinary participant. There were several people including the National Director of the Forum and members of the Executive Committee of the Forum who knew that I was in the session for the research sake. I was anonymous inside the group of about two hundred in the case of monthly meetings.[5] I just simply sat in the meeting, watching what was going on. During the time for floor discussion, I made no remarks.[6]

There are several factors that are conducive to making my observation unobtrusive: I belonged to the MIT community; the Forum has the policy of open membership (not true of the New Venture Clinic); and the size of the monthly case meeting is large enough to make my presence unremarkable. Further, because of the nature of these meetings, note taking on the part of audience participants is common. Therefore, without creating any uneasiness to other participants, I could witness and record what took place in meetings.

Similarly, I was an observer in three different Dialog Groups from December 1986 to March 1987. Dialog sessions were held either at an

[5]. My appearance may be less anonymous in the New Venture Clinic because of the size (about twenty to thirty). However, my basic stance was to remain as unobtrusive as possible even in NVC.

[6]. The only exception was when I requested participants to complete my questionnaire. For that occasion, however, the chairman of the session was asked to take a more active role. Also note that the field survey was administered at the end of my observation period.

office or home of the host (or hostess) of the day. I was also allowed to attend internal SBANE's internal meeting (the Dialog Committee) in February 1987 and the wrapup meeting (party) of one of the three groups in June 1987.

In order to attend the session, first I asked the Director at SBANE in charge of the Dialog Program to get permission. Then I approached a group coordinator to whom I was introduced only by name and affiliation through the Director. The coordinator, in turn, asked other members of the group about my appearance. Only when all these conditions were met, could I be an observer.

Like the observation in the Forum, I sat in a room and took notes. Unlike in the Forum, however, I could not be buried in the "crowd." If possible, I tried to take a seat at a peripheral part of the room to be less visible. The observations, however, could not be perfectly unobtrusive, because the size of the group was small, typically around ten, and because I was not a participant. I was an outsider, more discernible inside the group relative to the Forum's experience. In most of the sessions, I was asked to make some remarks on my observation at the end of the meeting . At the Forum, my status as a member of MIT community was so natural. In contrast, at the Dialog, being an MIT "organizational behavior" researcher who had already conducted the Forum study was a special addition to the group. The typical questions raised were as follows. How do you as a behavioral scientist assess our group? How does the Dialog work differently in comparison with the Forum? How do you compare our group with other Dialog groups that I observed?

I tried to refrain from behaving like an expert. Only when I judged that my silence would harm the rapport, I made nonevaluative comments on the process and gave them some unshakable "facts" on the Forum like the format, size and the stated objectives.[7]

Permission to attend to the meeting was more problematic in the case of the Dialog than in the case of the Forum, as briefly alluded to above. There are some factors that are responsible for this: the norm for confidentiality is the most important ground rule of the Dialog; and the membership is formally limited to the members of SBANE who pay an additional fee for the Executive Dialog Program.

Those experiences were valuable in giving me a "feel of the field". At the beginning of interviews with Dialog members, I was often told: "You could not understand the Dialog without attending a session." The same is true of the Forum.

Field observation, therefore, is a source of data. The specific approach is closer to the "constructivist approach" than to the "behavior variables approach" and the "behavior element approach." The latter two approaches try to count the occurrence of multiple behavioral variables or categorize the observed behavior element into a fixed classification pattern such as Bale's interaction analysis (McCall, 1984). The constructivist, holistic approach (the approach that epitomizes in a more sophisticated way what I mean by getting a feel of the field), by contrast, views interaction of the people in the field as "social

7. At the Forum, I was a novice; and my relative status was low compared to the MIT alumni and other experts. At the Dialog, the MIT name brought both credibility and some potentially threatening elements. Albeit the Dialog members on average were elder and their companies are bigger, they seemed to have regard me as a potential resource or threat.

accomplishment." The emphasis, according to McCall, is on "analyzing how the actions of multiple participants are jointly organized to produce or to manage some socially recognizable episode or event" (p.269).

In summary, field observation was done in an early stage of the study to gain a "sense of the field." I could not get this from other sources of data. The overall atmosphere of the meeting, the working format, and social interactions were observed. Slightly different observation methods were used for the Forum and the Dialog. The basic stance, however, was to be as unobtrusive as possible.

(2)Interviews The second source of data are the intensive, semi-structured, open-ended interviews with central members and other participants of these two programs. All of the interviews were tape-recorded and transcribed later. The amount of data generated by these interviews reached over seven hundred pages of a single-spaced, typed documents. The length of interviews ranged from an hour to two hours; the typical interview was around ninety minutes. Although field observation is indispensable for getting a feel of the field, interview data play a central role among all other qualitative data to construct the accounts of, and interpretational framework about, what was observed in the Forum and the Dialog. Only with these interviews could the case be described by the exact words and expressions used by insiders.

First, the intensive interview study of the Forum (N=17) was conducted with members of the Executive Committee in January and February of 1986. Before and after this, I had several less structured interviews with the National Director of the Forum, in order to get the overall view of the Forum. Later, he served as a major informant for the Forum study by responding to every question that I had about how the Forum operated.

The formal interviews with committee members followed the interview guideline (see Appendix 1) to cover the basic descriptive research questions. The questions were about (1) the nature and native categorization of participants, (2) the original missions of the Forum, (3) the initial motives to attend the monthly session, (4) the perceived benefits of attending the Forum, (5) the relationship between the original mission and current functions of the Forum (views about the change over time) and (6) the views about the Greater Boston area as an entrepreneurial community. Also included were questions about other networking organizations and influentials in the community to locate the names of similar (but different) organizations and the people whom I should meet in the community.[8] The interview guideline was used to cover all the necessary questions; but its use was flexible. The formal interviews would be best characterized as semi-structured, and open-ended. The place chosen for an interview was, in principle, the office of the interviewee's company. Field interviews were given higher priority, because the interviewees were busy and sensitive about their time. On three exceptional occasions, however, an MIT conference room was used. This was done only at interviewees volunteering that MIT would be convenient for them.

A parallel interview study was conducted with members of the Dialog (N=23), with a slightly modified interview guideline (see

[8]. As described, the question on influentials did not make sense without some strong qualification -- that is one of the reason why it was decided to focus on concrete networking organizations (Sanders, 1960; Freeman et al., 1963).

Appendix 2). The modification was necessary, because of the differences in the format and procedures of the meeting and some norms (like the norm for confidentiality). The interview guideline, however, basically remains the same as the one used in the Forum interviews.

Another difference is the targeted persons for interviews. In the Forum, people in the Executive Committee are the very central players in the Forum activities. At the same time, they represent the multiple constituencies of general participants. In other words, the Committee include entrepreneurs and venture capitalists, former panelists and former presenters of the meeting, and so forth. Also in the field observation, I was exposed to naturally occurring talks with, or among general participants. In the Dialog, however, there are no such persons as central members, except for the Dialog Committee comprised of group coordinators of each Dialog Group. Group coordinators are not leaders, but volunteers to facilitate the program. Nor are they necessarily central members. Therefore, in addition to interviews with all of the group coordinators, some of their members were interviewed (ten group coordinators and thirteen regular members). To learn about the overall history of the SBANE and the Executive Dialog Program, less structured interviews were arranged with Executive Vice President of SBANE. Further, just like with the National Director of the Forum, I had frequent interviews with the Director in Education at the SBANE who was in charge of the Executive Dialog Program. She served as a major informant in the Dialog study.

Additional difference between the Forum and the Dialog interview studies is related to my relative status. This issue was already touched on in discussing field observation. Briefly, the Forum interviews were closer to interviewing elites (Dexter, 1970). Later, in the Dialog interviews, I was treated more like an expert in organizational behavior and group process.[9]

In terms of the procedures of administering the interview study, first, the formal letter (with Sloan's letterhead) with my research proposal enclosed was sent to each interviewee. Then, several days after the arrival of the letter, I called him or her to ask for a specific time to conduct the interview.[10]

Judgement was called in interview studies Should it be ethnographic repeated interviews with a few persons or relatively more structured, but one-shot (with follow-ups in some cases) interviews with a larger number of people who represent the Greater Boston entrepreneurial community in a diverse way? The latter was chosen.[11]

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9. The research sequence (the Forum, first, and the Dialog, second) has an unintended effect upon my research progress. My ignorance enabled me to ask naive questions at the outset. My previous exposure to the Forum and its core people gave me credibility strong enough to get access to a closed group like the Dialog.

10. A letter of introduction by an MIT faculty was used only in the Forum study, because I thought that too much emphases on the MIT name for the Dialog interview might be considered "status-mongering" by some of the participants in the study.

11. Technically, they were not, because ethnographic interviews are to be repeatedly conducted with relatively few people with whom a researcher has a very strong rapport. A series of repeated interviews is a necessary ingredient to learn the native's meaning system through "domain analysis" (Spradley, 1979). For the application of domain analysis to the understanding conflicting high-tech subcultures, see Gregory (1983). The number of major informants in anthropological study can be as few as one person -- consider a person called Doc in Whyte (1943) and Don Juan in Castaneda (1968). The strict ethnographic interview deemed inappropriate to the present study, partly because the time pressures a typical entrepreneur wrestles with did not seem to allow the repeated talks over and over again with a single person. Street gangsters or a Yaqui sorcerer are perhaps less time-sensitive. Further, one could not pick up a person and assume he or she could be a "typical" entrepreneur with whom

In a former interview method, the yardstick for reliability of data depends on the strength of rapport and the representativeness of a few informants. In the latter, the reliability bears on the degree of agreement among many diverse interviewees along the items covered in the semistructured interviews. Analogously, reliability for repeated, ethnographic interviews with a few informants is more like test-retest reliability. Reliability for semistructured interviews with many interviewees resembles the split-half reliability, whether Cronbach's alpha or Kuder-Richardson's formula.[12]

In designing the interview research, the decision was made to follow the second path. It should be noted, however, that both the National Director of the Forum and the Director in Education at the SBANE have been extremely helpful informants well versed in each program,. They deeply understood my research objective and its relevance to their own worlds and paved a way for me to locate and

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one should spend most of the time and build a stronger rapport even at the risk of failing to be exposed to other entrepreneurs and those involved with entrepreneurship in one way or another. The latter constraint appears to be crucial; but it is not devastating. Even if a researcher can have as close contacts with "an" entrepreneur in the Route 128 community as William F. Whyte had with Doc in Corneville, however, how could the researcher claim that the person is "typical" and thus able to present a representative view about the entrepreneurial community? There are young and old entrepreneurs, technical and service entrepreneurs, and other related professionals and consultants. However, in the process of making sense out of my interview notes, I will naturally depend more strongly on some of my interviewees than others, not just because they are more articulate, but also because they seem to be more representative than others. Moreover, this may have more to do with the nature of the community -- there are key persons in networks.

12. For a detailed arguments on the issue of reliability in qualitative research, see Kirk and Miller (1986).

conduct intensive interviews with the "right" insiders, including the founding members.

In summary, in terms of timing, the Forum interviews and observations were conducted simultaneously; and the Dialog interviews were begun before the groups sessions were observed.[13] All but a few of the interviews were conducted in the field (the place where an interviewee's company or his or her home was located). What was conversed in each of the interview is shown in the interview guidelines (Appendices 1 and 2). Basically, the interview dealt with the nature of participants, mission of the organization and its evolution, and motives for and benefits of participation.[14] I normally requested and used sixty to ninety minutes for the interview.[15]

(3) Archival records Both the Forum and the Dialog keep extensive organizational records.[16] The two organizations have their

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13. It was believed that before getting acquainted with a group coordinator and a few members it was difficult to get permission to observe the Dialog sessions.
14. A question on other similar organizations in the area in connection with the cultural milieu of the Greater Boston Area was asked only in the Forum study. It was dropped in the Dialog interview.
15. In the longest case, the interview lasted three hours.
16. New programs are hard to evaluate for effectiveness (Kimberly, 1979). Once bureaucratized, paying attention to a few performance measures can become a somewhat unconscious, routine standard operating procedure. Before then, tracking every kind of process/outcome records requires a more conscious effort.. The organizations and programs that are dedicated for entrepreneurs are fairly new. The liability of newness (Stinchcombe, 1965) of the both programs, especially in the beginning, may sharpen their natural desire to examine the participants' reactions to each program. Those who are responsible for running the programs are concerned about communicating with participants and about learning about the impacts of the programs. That is one probable reason that explains why both the Forum and the Dialog, despite its newness and looseness, have kept organizational records.

house organs, the *Forum Reporter* and the *SBANE Enterprise*. They are in the semi-public domain; but it is sometimes difficult to locate back issues. With the help of major informants in the two organizations, I located and coped many documents pertaining to special events, profiles of some participants, formally claimed benefits, and some complaints about the program and so on.

Importantly, both organizations have conducted their own surveys about the impact of their respective program. The Forum conducted a survey of the presenters of the monthly case presentation meeting (N=22) and the New Venture Clinic (N=24) in 1984. Also in 1984 SBANE asked an outside professional agency (a marketing consulting firm) to evaluate the impact of various programs offered by the organization including the Dialog (N=100; 59 members and 41 ex-members). I reanalyzed the raw data for the Forum's presenter's survey. For other surveys, I had the permission to see the result filed either in the form of internal memos/documents or in a more formal report.

In the Dialog Program, two types of formal feedback forms from the Dialog Groups to SBANE headquarter are important sources of data in this study. One is a very structured feedback form filled, in principle, by group coordinators. More information comes from letters from the host of a Dialog session to other members and the SBANE's Dialog headquarter. Although I do not cite here (because it would violate the group's norm of confidentiality), they provide input for this study and are used in disguised form.

Archival data also include the pamphlets and brochures prepared by both organizations to describe and market their programs. They serve as the official statements about the missions, functions, and other norms and spirits of each organization. Like the articles and any other statements in the *Forum Reporter* and in the *SBANE Enterprise*, they are available to everyone who has interests in these programs.

Archival records also include the list of participants, which, in itself, is perhaps the most valuable resource of the networking organization. Such lists were used to select survey participants.

(4) **Questionnaire survey** The Forum data include the pilot questionnaire survey (see Appendix 3) of participants in the monthly case presentation meetings. This questionnaire attempts to capture basic statistics about the participants' characteristics, involvement in the program, benefits, multiple membership, and general demographic variables (N=64). The survey was field-administered at the session with help from the (then) chairman of the Forum. This pilot survey, in conjunction with intensive interviews with insiders, provides the basis for the more elaborate comparative questionnaire survey for both organizations.

The survey provides the quantitative data for this study. The major variables measured were:

- the informational source used by participants or members to locate the Forum or the Dialog,
- involvement in the program (intensity and length),
- the initial motive to attend the networking organization,
- the perception of group atmosphere of the session,

• the perceived/concrete impacts of, satisfaction with, and the benefits from, the program,

• the importance and weight attached to different aspects of the benefits,

• networking behaviors (awareness of and membership in other networking organizations in the Greater Boston area, the use of weak/strong ties in locating the Forum or the Dialog, the relative amount of time allocated to externally oriented activities),

• networking attitudes (weak/strong tie orientation, views on homogeneity and continuity on the one hand versus diversity and high turnover on the other hand, and attitude toward reliance on others)[17],

• personality (locus of control, Machiavellian scale, and dogmatism-openness scale), and

• numerous demographic variables of an individual respondent and characteristics of his or her company.

There are two different types of items in the questionnaire. Most of the items, their construction are based on the wording used by natives, people inside the programs. These survey items try to represent the natives' use of the terms. Other questions, such as

[17]. The semantic differential scale on networking -- meaning attached to networking in terms of evaluation, potency, and activeness -- was included, but will not be used in this study because the shorter version of SD prepared for this purpose seemed to puzzle the respondents. The puzzlement was evidenced by frequency this question was unanswered.

personality items, shorter versions of standardized scales were used(Rotter, 1966; Collins, 1974; Christie et al., 1970; Rokeach, 1960)[18].

Whenever some revision was made in the instrument, it was pretested with natives to make sure that every item would be clearly understood by respondents. Pretesting was done only with a small number of people (N=5), but it was intensive and face-to-face. While they completed the questionnaire, I was in their office, and received real-time feedback on potentially problematic items. For the items to represent natives' views, the wordings were revised; the revised items were pretested again. For the items from existing scales, their wording were not changed; but some items were dropped through pretesting.

The questionnaires for the Forum and the Dialog samples differed slightly in some of the terms used. For instance, since the Forum officially does not use the term, "member" to refer to participants. Therefore, "members" and "membership" were changed to "participants" and "participation." Both versions, however, cover the same questions (see Appendix 3).

This questionnaire was administered as a mail survey. For the Forum, the sample was drawn from the people on their mailing list who had paid the most recent dues for the subscription of the *Forum Reporter*. The computer search provided about five hundred of people in that category. Eliminating those who were obviously outside of the Greater Boston Area (i.e., the subscribers in New York, Pennsylvania, Maryland, Illinois, and California) and adding the eighteen members of

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18. SD scale (Osgood et al., 1957) is another borrowing from a standardized questionnaire; but the shorter version did not reproduce the original three dimensions.

the Executive Committee produced 506 persons to whom surveys were mailed.

For the Dialog, the sample was drawn from the members' list of the Executive Dialog Program filed at SBANE headquarter. Remember that the Program is under the various activities conducted by SBANE. Whereas the Forum does not have any directory of participants -- their mailing list is only for the internal use, the *SBANE Membership Directory & Buyer's Guide*[19] is available in the form of a book, but only for the members. The *Directory*, however, does not provide any information on member's involvement in any specific program. Therefore, the Dialog member lists were used and checked with the most recent *Directory* to see whether the listed address was correct. There were 144 SBANE members who signed up for the 1986 Dialog Groups. Since the number is not comparable to that of the Forum sample, all of the necessary efforts were made to identify and locate past members of the Dialog who did not sign up for 1986; 239 ex-Dialog members were found through files back to 1979. Their addresses (and whether they were still in business or not) were checked with the *Directory*. For those ex-Dialog who were no longer SBANE members, the reliance on the "old" addresses in the document was unavoidable. In total, to 383 targeted persons the Dialog version of the questionnaire

19. "Buyer" in the title means a member company which wants to procure some specific items from other member companies. The Directory is not for outside "sellers." The section called "Buyer's Guide: A Guide to the SBANE membership by industry, business or profession" lists member companies by categories of products/services.

were sent out. The overall response rate is 40.2 percent; and the effective response rate is 35.4 percent[20].

Using monthly case presentation at the Forum for field administration of the questionnaire, as was done in the pilot study, may entail a systematically biased sample; only people with a keen interests in specific technology and market of the presenting companies is covered. These people are less likely to be representative, than the sample drawn from the mailing list. For another, the Dialog participants meet in separate group -- the only occasion in which all of the people in the Dialog gather is the kick-off meeting in August. Field administration was unrealistic, because I could not use the kick-off meeting. My research time-table did not permit and also these first-time attendants in the program had no way to respond to the questionnaire on the experiences with the program. Field administration became less viable alternative, when I decided to include past members of the Dialog

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20. In total, 357 out of 887 questionnaires were returned, a rate of 40.2 % . However, among 357 returned, there were 58 returned because of the wrong addresses or because of the retirement of the targeted person. There were another 9 blank questionnaires returned with a letter or a memo that explains some specific reasons -- typically, the reason is quite justifiable (sometimes, even far more than justifiable: the dramatic example is that a respondent eventually gave up his business because of a cancer he has been suffering for a long time). Thus, the usable sample is 290 (357-58-9); and accordingly the effective mailings are 820 (887-58-9). Therefore, the net effective response rate is 35.4 % (290/820); and the gross effective rate is 32.7 % (290/887). Mail administration of the questionnaire was a necessity and justifiable. The total number of usable responses are 290 (N=165 for the Forum sample; N=124 for the Dialog sample) and the overall effective response rate is 35.4 %. The response rate is low -- but not so low given the length of the questionnaire (see Appendix 3 -- it was a fairly demanding questionnaire, as commented by some of respondents).

Programs. The groups of these people no longer existed, since the groups were dissolved at the end of a year.

Methodological Triangulation

As described above and summarized in Table 3-1, there are multiple sources of data for this study. Multiple sources in themselves are not necessarily a powerful methodological solution. They become powerful in delving into a relatively, underexamined areas like entrepreneurial networking, only when multiple data collected through multiple methods are combined. The strength of methodological triangulation bears upon the notion of cross-validation of the findings through different methods, or to use Campbell's felicitous term, the idea of seeking convergent and discriminant validity through multiple methods to measure multiple traits (Campbell & Fiske, 1959).[21]

This study shares the basic idea of utilizing the benefits from multiple methods. The point of departure from the Campbell's definition of triangulation is my sequential and complementary use of qualitative and quantitative methods. The research process is two-staged: construction of the interpretive framework that is closer to insiders' perspectives (cf.,Glaser & Strauss; 1967: Geertz, 1973; 1983) as

[21]. In Campbell's tradition, the primary aim of triangulation is to examine whether a hypothesis can be robust enough to survive the challenges of different methods of testing it. Each method is assumed to have its own way of operationalizing some traits of social phenomenon under scrutiny. Thus, in Campbell's tradition, the emphasis is on measurements (multiple operationalism) and testing.

Table 3-1
Multiple Sources of Data

The sources or methods	Comparative subsamples: The MIT Enterprise Forum	Comparative subsamples: The SBANE's Dialog Program	Primary Objective
Field observation			-To experience meetings and get the "feel" of the field
-Participant observation	-Monthly case presentation meetings (9/1985 to 3/1986) -Annual workshops (10/1986 and 10/1987) -New Venture Clinic (6/1987)		
-Outside unobtrusive observation		-Dialog Group sessions in three different groups (12/1986 to 3/1987) -The Dialog committee (2/1987)	-Same as above
Interviews			
-Semi-structured open-end interviews	-Members of the Executive Committee (N=17)	-Group coordinators of 1986 Dialog and some of their members (N=23)	-To get insiders' views on involvement in, mission/function of the programs
-Repeated, less structured interviews (major informant)	-National Director	-Director in education (plus Executive Vice President of the SBANE)	-To learn the overall history and follow-ups
Archival records	-The brochure of the Forum -The official statements of the Forum as Resources -The *Forum Reporters* -Other information on presenting companies -Results of presenters' survey conducted by the Executive Committee -Publications on the Forum by committee members and others -The mailing list	-The brochure of the Dialog Program -Ground rules and written procedural statements -The articles on Dialog in SBANE *Enterprise* -The feedback forms of session (in principle by group coordinators) -Report of the impact survey conducted by the outside consultant -The files of the past and current Dialog participants	-To learn about official statements and presented cases, trace growth patterns, and examine the communications between the organizations and members

(Table 3-1, continued)

The sources or methods	Comparative subsamples: The MIT Enterprise Forum	Comparative subsamples: The SBANE's Dialog Program	Primary Objective
Questionnaire survey			
-Pilot (field administration)	-The attendants of 3/1987 monthly case session (N=64)		-To see who are general audience; and to examine how some items work
-Comprehensive, comparative questionnaire (mail administration)	-Active members in the current mailing list (N=165)	-1986 Dialog members and ex-Dialog members (N=124)	-To compare two programs systematically, and confirm emerging taxonomy

a first step and then the more systematic comparisons and elaboration of the "emerging" taxonomy through the surveys. Neither involves the testing of pre-established, formal hypotheses.[22]

In this study, the interviews in connection with observation and archival data represent the core of the qualitative data; the comparative questionnaire survey plays a central role in quantitative data analysis. It should be noted that the former is input for the construction of the survey instrument. The survey instrument could not be designed as they were without referring to the voices of insiders. Each source of data is not necessarily tied to either qualitative or quantitative data; for instance, the brochure of both programs, a qualitative document, can produce quantitative, unobtrusive measures through counting the number of words for a specific purpose (Webb et al., 1981). Even an extensive survey can be very sterile without being combined with other methods to make interpretive framework more meaningful and grounded. As Fielding & Fielding (1986) note:

> ... qualitative work can assist quantitative work in providing a theoretical framework, validating survey data, interpreting statistical relationships and deciphering puzzling responses, selecting survey items to construct indices, and offering case study illustrations (p.27).

22. Fielding & Fielding (1986) emphasize that a large sample survey method has to rely on some interpretive framework in analyzing its results. In other words, interpretation is the stage one cannot dismiss. The judgement call is how much one has to rely on the formal theories based on the second-order constructs; and conversely, how much one can draw the views conceived by the people in the fields and rely on their views and their terms (first-order constructs). The latter mode of interpretation is epitomized in those notions of "grounded theory" (Glaser & Strauss, 1967), native's point of view (1983), domain analysis (Spradley, 1979), theory-in-use by a reflective practitioner (Schon, 1983).

Comparative Method

The Forum and the Dialog were chosen as the two research sites, because they seemed to be two contrasting, phenotypic types of networking organizations.[23] They are suggestive of corresponding genotypes of networking principles. I call them the club type and the circle type. It does not necessarily mean that the Forum and the Dialog are either of these two types. As is true of the careful Weberian treatment of "ideal types" and the equally judicious Lewinian distinction of "genotypes" from "phenotypes," it should be noted that both organizations as real entities (or phenotypes we can observe) are mixtures of both elements. They are allusive to pure types.

Descriptions of two organizations in Chapters 4 and 5 are intended to be "thick" (Geertz, 1973). The chapters are based on the let-natives-and-archivalists-talk principle.

The question remains, however; how does my reliance on the native's-point-of-view and grounded theory fit with my emphasis on comparative method?

First, comparative analysis has been powerful in finding new paths in organization studies (Stinchcombe, 1959; Burns & Stalker,

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[23]. The overall research design would be characterized as either comparative method (Glaser & Strauss, 1967) or, to a lesser degree, multiple case analyses (Yin, 1984). The study is more than multiple case studies because of its reliance in part on surveys. The actual research process was two-staged; and it is closely related to the adoption of multiple sources of data (discussed in the next section).

1961; and Woodward, 1965, to name a few), mainly because comparisons require a researcher to create (and sometimes borrow and uniquely combine) concepts to describe the basic attributes of a novel research object.[24]

Second, the comparative method helps generate grounded theory; and the choice of research sites itself can be "theoretical sampling" as Glaser & Strauss (1967) propose:[25]

> The comparison of differences and similarities among groups not only generate categories, but also rather speedily generates generalized relations among them. .... The basic criterion governing the selection of comparison groups for discovering theory is their *theoretical relevance* for furthering development of emerging categories. The researcher chooses any groups that will help generate ... as many properties of the categories as possible, and that will help relate categories to each other and to their properties (p.39, p.49; emphasis in the original).

Third, a single case study without any comparative anchor is most likely to be plausible when it deals with "the unusual or rare case, the critical case, and the revelatory case" (Yin, 1984). In rare situations,

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24. In addition, comparison compels a researcher to link the differences observed in basic attributes with characteristics of social contexts in which comparative cases reside --the organic system in changing environment and the mechanistic system in a stable environment, for example (Burns & Stalker, 1961).

25. Glaser & Strauss (1967) advocates avoiding unnecessary imposition of concepts and attributes from formal theory. In this respect, my approach in this study sounds like eclectic. Yet, grounded theory is in their arguments is contrasted with grand theory like the panoramic Parson's social system theory. They argue that "if the focus were on formal theory, then the comparative analysis would be made among different kinds of substantive cases which fall within the formal area, without relating them to any one substantive area " (p.33). It should be noted, however, that: the conceptual borrowings in this study such as weak ties, value homophyly, and multiple membership are not derivatives from any kind of grand theory; and paying little attention to the role of formal theories in the comparative analysis may not always be as appropriate.

another case is hard to locate. This kind of justification for giving up the possibility of comparative analysis (by sticking to a single case) is not true of the present study. The Forum is not a "rare" case in an area like Greater Boston. In fact, there are many similar organizations and the area is "interorganizationally rich" (Turk, 1970). The more pertinent issue is not whether to launch on a comparative study, but how to choose the most appropriate organizations to compare. Comparative (or multiple-case) study, argues Yin (1984), should follow the replication logic not the sampling logic. The term "sampling logic" is a misnomer. What is meant by "replication" are two different things -- a "literal replication" in which a researcher expects similar results happen, on the one hand, and a "theoretical replication" in which he or she carefully selects the case that is theoretically predicted to produce contrary results. Yin (1984) advocates the use of multiple case studies as if multiple experiments were conducted for replication. Although he is against the criteria of "sampling logic" in selecting multiple cases, his proposed "theoretical replication" (or the deliberate failure to replicate results, to be more correct) is much closer to "theoretical sampling" discussed earlier. The Dialog became a comparative reference, not because it was believed to replicate the same pattern of entrepreneurial networking I had already observed in the Forum, but because it was expected to refute some of the known, familiar patterns due to the different ways of organizing and serving the network. Therefore, the third benefit of comparative analysis, in Yin's term, lies in "theoretical replication" (or more appropriately, theoretical refutation) of the known pattern to examine varieties of possible patterns in the multi-case, replication design.

We thought we could be creating a network that could support entrepreneurship and help us as entrepreneurs as well.

Our bias, [or] our focus is help the poor devils that are trying to make things happen, the CEOs, ... the lonely ones ... who have high egos.

CHAPTER IV

THE MIT ENTERPRISE FORUM: ARENA FOR OPEN DISCUSSION

Origin of the Forum

The MIT Enterprise Forum was established in 1978 by a group of MIT alumni and their friends with a support from the MIT Alumni Association. It started with a small number of people with the explicit aim to help other entrepreneurs and help themselves.[1] There are now more than two thousand people on the mailing list; and normally around one hundred and fifty to two hundred people attend its monthly case presentation meeting. As will be apparent in the following

[1]. One of the founders suggested that there were multiple motives. For instance, since this was the time so harsh for entrepreneurs, another less explicit aim might have been to cheer up each other by gathering together.

description, the monthly case presentation is the core of various activities offered by the MIT Enterprise Forum.

Prior to the Forum's birth in Cambridge, Massachusetts, there had been a series of movements regarding the entrepreneurship among MIT alumni. The prehistory of the Forum should be traced back to a "travelling road show" of one day seminars on "Managing a New Enterprise in Today's Economy." The seminars were held in the cities of Cambridge, New York, Washington, D.C., Chicago, and San Francisco during the period of January through April in 1971. Subsequently, a similar workshop was carried out in the cities of Boston, Washington, D.C., and Los Angeles. Entrepreneurship was not as popular then as now; there were fewer books and other sources of information available on how to start up one's own company, particularly those specifically geared to technical entrepreneurs. In stark contrast, we have witnessed a plethora of those how to books in recent years. The very success of these workshops is evidenced from the alumni's keen interests in entrepreneurship and perhaps their desire to acquire relevant knowledge they lacked.[2] The very fact that this attempt became a two-year "travelling road show" suggests its vibrant impact on the MIT alumni. Without strong reactions from the alumni, it would not have been held in various places; nor would it have been carried over to the next year, as one recalls this event. In the words of an observer of the early scene:

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2. They were claimed to be "successful" in terms of attendance. It was also suggested that even now the MIT alumni who participated these workshops talked about success in terms of the workshops' impact on their career.

"Its intent was to create one program once. That was going to be a program held at MIT for interested alumni and interested in starting their own business. ... So that was the purpose to create a seminar just because there was an assumption that maybe some alumni might be interested in starting their own companies, [and] to give them something which would be a single seminar that might be seen as nice and helpful." [Interview with a Forum committee member[3] on 2/27/86].

The assumption was correct: there seemed to be many alumni who were interested in entrepreneurship. There were several consequences of these events. Two are related to the idea of networking. The first is the compilation of the *MIT Entrepreneurship Registers* published and circulated among concerned alumni in 1971 and 1972. The *Registers* provided comprehensive information about alumni who were already in pursuit of their entrepreneurial activities or those who were aspiring to be entrepreneurs. The workshops were done primarily for educational purposes. Otherwise, it might have been more difficult to involve the MIT Alumni Association and faculties. MIT is an educational institute. The workshops, however, also served as an opportunity to organize information on who were seriously interested in entrepreneurship. Consequently, the Register included fairly detailed information about each alumnus listed, almost like a bundle of resumes.

The second consequence was to establish long-lasting ties within particular communities. The New York alumni, in particular, were eager to have a regular opportunity for an entrepreneurially minded group of people to meet even after the workshop was over. These

[3]. A Forum committee member means a member of the Executive Committee of the MIT Enterprise Forum. The shorter term will be used for convenience. The roles of the Executive Committee will be discussed later.

activities remained small-scaled and became known as the "New York Venture Clinic." The activities in New York, however, did not grow. Apparently, this lack of growth reflected a lack of some critical mass of entrepreneurs. Reportedly, the meeting became the occasion in which the same people met.[4]

The MIT Entrepreneurial Workshop and the *MIT Entrepreneurship Registers* were not locally based at a specific community. The New York Venture Clinic, however, stayed local. Then, how and why in Cambridge, Massachusetts, did similar activities become active and embedded in the whole Route 128 community?

There was a linking person who served as New York Regional Chairman in 1971 Workshop. He was also one of the initiators and the central figure of the New York Venture Clinic. He came to Boston frequently in late 1970s for personal reasons; but, naturally, talked about his activities in New York with entrepreneurs and academics. As one of the founders of the Forum describes:

> "I went to the MIT faculty club for lunch, and there was [the above described person from New York] trying to find somebody from the MIT Alumni Association and couple of other guys. ... I happen to see him at lunch. ... I was there at the faculty club in luncheon. Here's another table and I ran over and he said, "I'm gonna tell you what I'm doing [in New York]. I'm talking to these guys about starting the MIT Venture Clinic up here [in Cambridge]. And I said, "Well, I've been interested. Give me a call." And so he called ... and I met him with a couple of other people, and we put

4. The construction of this prehistory of the Forum, inevitably, has to rely on retrospective comments made by interviewees who knew the very early stage either directly or indirectly. Therefore, it should be noted that this is not a completely documented history but an multi-person account.

> together the list of people that we thought might be interested in serving on panels and being on the executive committee." [Interview with a Forum founder on 1/21/86].

It apparently was easier to find the presidents of young companies in Cambridge than in New York, because of the critical mass of high tech companies in and along Route 128 in the Greater Boston Area. Since there was such thing as the MIT Venture Clinic in New York, the founders of the Forum as well as the head of the New York activities felt it was rather "unusual" not to have a similar program in Cambridge/Boston area, because of the locus of MIT and the critical mass of entrepreneurs. Another contributing factor was MIT's linkage with the business community; although its tie with small businesses then was tenuous. MIT used to have the MIT Associates Program that served to link technology-based small business with the Institute. The program eventually merged with the MIT Industrial Liaison Program -- geared more to the big businesses -- in the mid seventies "in order to beef up the numbers [of the member companies] to make it look better," as a Forum committee member recalled. It was not a good move for small businesses entrepreneurs:

> "MIT has gained much of its reputation as a leader in a high technology area, but if you are president or operating officer of one of those [technology-based small] companies, you would have very little resources back at MIT. If you were a large company or a middle-sized company, you would have many vehicles by which you could link back and enjoy the privileges of affiliation with MIT. But as a small company, you couldn't. ... I was outraged by that, because MIT has built so much of its reputation in an entrepreneurial community, 128, and yet there was no vehicle for doing this.

> ... And that was what bothered me." [Interview with a Forum committee member on 2/3/86].

In order to fill this gap, the idea of creating the program based on the MIT Alumni Association and geared to those alumni who are or would be in small businesses, the program similar to the New York Venture Clinic, seemed to be worth trying. But, the Cambridge Forum was, from the outset, intended to take an "expansionist" approach, as one founder called, because the founders thought remaining small can be a self-defeating process for making use of critical mass and diverse resources in the area. As he pointed out:

> "It [New York Venture Clinic] never really grew that much in New York, and one of the reasons in retrospect is that it was the same group of people every meeting to give advice to new entrepreneurs. It was the same people. The same people were meeting all the time. Their advice became sterile." [Interview with a Forum founder on 1/21/86].

Growth and proliferation of new programs have been the Forum's history. The Forum's session began in 1978 as a small vehicle for, in the words of another cofounder, "personal counselling." These sessions eventually reached the size of two hundred in early 1982. [The exact numbers of the meetings in January (196 people) and February (242 people) of 1982 are given in the *Forum Reporter* (Vol.1, Issue 6 and 7, 1982)].[5]

Most of the interviewed cofounders of the Forum note that the New York Venture Clinic was the immediate predecessor of their

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[5]. The third chairperson of the Forum's Executive Committee proudly reported these numbers by himself.

activities; and four of them mentioned the Workshop as its remote origin. Both the time when the first Entrepreneurial Workshop was held (1971) and the time when the Cambridge Forum was born (1978) were typically regarded as tough periods for people in the entrepreneurial community. The year, 1971, was, as a Forum committee member characterized it, the time when "there was a dead venture capital market" [Interview on 2/11/86]. The period around 1978 was described by another as "the time when there was very high unemployment in Massachusetts, ... when there were very few startups, and when the legendary 128 was at the low ebb" [Interview on 2/3/86]. The period was memorable to people in an entrepreneurial community, especially venture capitalists and those who sought venture capital, because it was in 1978 that the Congress lowered the maximum effective tax rate on capital gain from 49 percent to 28 percent. Later in 1981, the ERTA (Economic Recovery Tax Act) further reduced the rate from 28 percent to 20 percent.[6]

The Objectives: The One Night Board

The activities of the MIT Enterprise Forum now include the monthly case presentation meetings (the large Forum, or the Forum), the annual workshop, the New Venture Clinic (the small Forum, or the

[6] A GAO (General Accounting Office) study "indicated this reduction contributed as expansion of the venture-capital pool from $ 2.5 billion to almost $ 6 billion in 1981" (Kent, 1984, p.74).

Startup Forum), and the publication of the *Forum Reporter*.[7] Those are the activities described in the formal brochure, *MIT Enterprise Forum of Cambridge℠: A Program of the Alumni Association of the Massachusetts Institute of Technology 1985-86* (hereinafter, the *85-86 Pamphlet*). Among them, the monthly case presentation meeting represents the origin of the Forum and it remains the organization's core activity. The *85-86 Pamphlet* explains the monthly meetings as follows:

> Each month, a technology-based company seeking assistance, and which has been screened by the Forum's Executive Committee, presents its case before a panel of experts and entrepreneurial peers in the area(s) of the company's specialized needs.
>
> In an objective analytic session, members of the selected panel (serving on a voluntary basis) comment on the business plan which they have studied prior to the session, review past and on-going business situations of the company, as well as its plans, and offer constructive advice on potential means to resolve various issues of concern to the company's CEO. In some cases, a completely new direction may be suggested, in others, ways to better execute present policies may be identified. Panelists at each case presentation include leading professionals specifically recruited for the particular case -- e.g., successful technology entrepreneurs, financiers, marketing professionals, consultants, etc. An audience of approximately 300 people representing the spectrum of small businesses and related fields as well as individuals interested in business development, are present and may

[7] There are still other activities such as more explicitly educational seminars (the one during Independent Activities Period at MIT is most notable), another workshop that is more geared to matching the source of finance and those who seek it (called Spring Workshop introduced in 1987 and planned to be continued for the following years), and the job fair that provides the opportunity for MIT students to see technical entrepreneurs in the area. (The job fair was first tried in 1986, but may not be carried forth).

> offer additional advice or options. (Case presentation sessions are open to the public.)

The relative length of this description in the pamphlet provides perhaps an unobtrusive measure (Webb et al., 1981) of importance the committee put on the case presentation meeting. It is about four times as long as the length of the New Venture Clinic, Annual Workshop, and the monthly newsletter (the *Forum Reporter*) sections: the values are 4.20, 3.94, and 4.51 times respectively. This indicates that the monthly case presentation meeting is not only the origin of the Forum but also the "core" of of the Forum activities.

The most commonly heard phrase that refers to the function of the Forum is "a one night board of directors." Small businesses, especially in the early stages, typically do not have boards -- or even if it does it may not include outside directors. Therefore, advice from somewhat detached outsiders seem to be crucial. Hence, the pamphlet characterizes these meetings as "an objective analytic session." There is another brochure, a longer one, prepared by the National Director of the Forum based on the paper written by two of the founders of the Forum (Parthe & Schaufeld, 1984). It is titled *A Resource for Growing Technology-Based Organization* (*Resource Brochure*, hereinafter). This also emphasizes importance of advice one can get from objective, outside experts, as the following quote shows:

> The forum is designed to function as an analytic and objective clinic. Organized under the auspices of the MIT Alumni Association, the Forum offers businesses at a critical stage of development an opportunity to obtain expert counsel and advice which might not normally be available to

them because of their modest size and limited resources. (*Resource Brochure*, November, 1984, p.2)

The idea of "one night board" is not merely used by the members of the Executive Committee of the Forum. The Wall Street Journal recently headlined the article on the Forum as "At MIT, Small Firms Recruit Board of Directors For a Night" (March 10, 1986).

The Forum is linked to MIT. Throughout my interviews, the educational function of the Forum for entrepreneurs and potential entrepreneurs has been emphasized (the *Pamphlet*, however, does not use the terms like "educational" or "pedagogic"). For a presenter, it is aimed to be an occasion to get analytic, objective, outside advice. The occasion is an educational opportunity in terms of feedback on one's plan from experienced entrepreneurs and experts. It is a presenter who defines the problems to be discussed in the session; and based on his or her definition of problems, a group of people are selected to be on a panel. For a general audience, it is an educational opportunity because they learn about entrepreneurial experiences through real cases of companies that have gone through a critical period of development. Importantly, the cases are presented, in principle, by the CEOs of the companies. The real focus, however, is a presenting organization. As one presenter said: "our focus is help the poor devils that are trying to make things happen, the CEOs, ... the lonely ones ... who have high egos."

In summary, the objective of the Forum has been to help entrepreneurs get through a critical growth stage by giving them an analytic, objective advice in meetings open to the public. Its formal mission is educational for both presenter and the general audience. As described later, other functions have developed as the program has grown.

Procedures and Operation For the Forum Activities

The Format: Caring About Presenters and Audience

The Forum has ten meetings per year, roughly once a month, excepting July and August.[8] There are two cases presented in each session. Recently, one out of ten sessions is dedicated to the most impending issue for participants: for instance, the issue related to IPO (initial public offering) in 1986. Except for this kind of special meetings, the format of monthly meetings is basically the combination of two case presentations and discussion about them. Each case session is moderated by a coordinator from the Executive Committee of the Forum. The coordinator is responsible for running the session, based on a planned time-table, to appropriately allocate time among a presenter, panelists, and participants on the floor. The coordinator, however, is not just a time-keeper; but its essential role is to make sure that the session is held in the most "preferable" atmosphere. Typically, the coordinator at the beginning of the session makes some brief remarks on the nature

8. The monthly case presentation meetings are in operation as if it follows an academic year as some of my Forum interviewees noted.

of their activities and the procedure, and makes a couple of jokes to set the atmosphere.[9]

Forum presentations follow a set pattern. First, the presenter and his or her company are briefly introduced by the coordinator. The Forum is open for everyone who has an interest in a case. Even a subscription to the *Forum Reporter* is not required to attend the session. Nor does a participant have to be affiliated with MIT. Because of the challenges of finding the most appropriate cases for the session, the Executive Committee may have some difficulty in making a timely announcement.[10] But, basically, if one subscribes to the Forum Reporter, one should already know about the background of the company, the composition of panelists, and specific questions to be raised by the presenter. Therefore, the introduction of the company takes just a few minutes.

Second, the presentation is made by the CEO of the company, or, on rare occasions, by someone else who is significant in that business. The way the company, its business, its management team, and its problems are presented is slightly different from one presenter to another. The bottom line, however, is that the presenter normally covers the items that are typically included in a business plan to be submitted to the

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9 The Forum insiders regard the session that is helpful to a presenter. For this purpose, they are aware that the atmosphere preferably is "tough" enough to evoke critical issues and at the same time is 'benign" enough to be non-threatening to the presenter. This issue will be more fully discussed later.

10. One of the most frequently heard complaints among the Forum participants both in naturally occurring conversations in the field and in survey data (item # 14 in Appendix 3 -- "Any comments or suggestions about the future challenges for the MIT Enterprise Forum") center around the late announcement of the sessions.

financial community, especially to the venture capitalist. Most of the presenters use some kind of audio-visual aids -- some of them base their arguments on a very sophisticated presentational color graphics on the screen. Depending on the nature of the products, they may bring and demonstrate their products at the Forum.

Third, after the presentation, the coordinator asks panelist to introduce themselves. Then, the comments form each panelist are given. Panelists are selected such that diverse perspectives are represented. Normally, there are four panelists, each representing a different kind of resources to the presenter: an entrepreneur who has an experience in the same industry and/or has gone through the same problem; an expert or professional who has the expertise and professional knowledge of the problem area defined by the presenter; a potential customer or somebody who would seem to be in the market proposed by the presenter; and one from the Executive Committee of the Forum in order to "smooth the process." The rationale behind the addition of the fourth character needs to be elaborated.

The inclusion of a committee member as one of the panelists is related to the group atmosphere. Panelists and other floor participants can be brutal in the situation where they are expected to scrutinize a case. From the eyes of presenters, they dare to present their case, potentially a vulnerable one (especially when the company is young), in front of two hundred people. The committee has been keenly aware of the danger hidden in the critical, objective analysis. It should be critical, but at the same, or it should be constructive. Hence, the decision to include at least one panelist who knows the process, as a committee explains:

"... the bad part of this [reliance on outside experts] is that if we only have sometimes panelists outside [they may not try to be helpful]. It is very important to be helpful to entrepreneurs rather than to invest them. There's a fine line. You are supportive rather than just denouncing. Sometimes, people in front of large group will say very negative thing, because they want to impress the people in the audience [to show] how tough they are. Panelists provide *expertise* , but they don't necessarily understand the *process*." [Interview with a Forum committee member on 2/4/86].

If all the other panelists are too harsh, the panelist from the committee tries to find the positive factors of the CEO and his or her company and business plan. Conversely, if others do not point out the "crucial issue" which may be a painful reality that the presenter is not aware of for some reason, the panelist from the committee ideally should bring it out. The former is more often the case, although both "confidence-raising" and "reality-testing" concerns are equally heard from the committee. Both are ways to help entrepreneurs. As such, the role of the panelist from the committee, as the committee members claim, is to "smooth the process" to make the atmosphere constructively critical

Fourth, the presenter is given a chance to react to panelists' comments. And then, the coordinator makes the Forum really an arena for an open discussion by soliciting comments and advice from the people on the floor. In order to make the remarks from them responsible ones, they are expected to address their names and organizational affiliation. The panelists are diverse; yet, the people on the floor are more diverse. Depending on the nature of comments/suggestions from the floor, the presenter may respond.

Finally, the panelists, one by one, concluded their final remarks on the case, bearing upon all of the things discussed in conjunction with their reading of the business plan from a professional perspective. At the very end of the session, the coordinator presents an insignia of the MIT Enterprise Forum to those who make the presentation. At the end of each case, the evaluation form (a one-page short questionnaire) about the case is completed by the audience. The coordinator urges them to fill out the form quite seriously, because it is a vehicle for the collective feedback for the presenter. The result is provided to the presenter a few days later at an informal debriefing session. The presenter also receives a audiotape of the session so that he or she can review the process.

All of the processes take in total about an hour and a half. The first case begins at 6:00 pm and the second one starts at 8:00 pm. As one characterizes it, the monthly case meeting is like "two movies in one night."

Most of the procedural steps are contrived to create a constructive environment and avoid harsh criticism. Natives or insiders gave the following causes for potential "brutality" as a dimension of the group atmosphere. The first is the psychology that works in a large group. The second is the element of "show" or "performance" in case presentation (that will be discussed later). Finally, the third is the observed preference of experts and professionals to look very tough and persistent in the highly visible stage of the Forum.

Operations and Organizations

(1) The Executive Committee The Forum is a voluntary association initiated and run by a group of people who volunteer their time, except for National Director of the Forum who works full-time for the Forum activities at the office both physically and philosophically adjacent to the Alumni Association Office of MIT.

Most central among the people involved in the Forum are those in the Executive Committee. The committee is comprised of nineteen people including the Chairperson, National Director, and the New England Regional Director of the MIT Alumni Association. The chairperson is elected from the committee. Also on the committee is the National Director, the full-time professional whose position was first created in 1981 as executive director. As the Forum grew and began to create its chapters in various parts of the country and abroad, the title became National Director. The historical development of the Forum shows that it was initiated and nurtured by help from the MIT Alumni Association. It is, therefore, natural to co-opt a staff from the Alumni Association. The New England Regional Director of the MIT Alumni Association (with a secretarial help from the Alumni office[11]) takes care of "logistical help" to see to it that mailings and other announcements are properly processed.

About half (nine out of nineteen) of the committee members are MIT alumni. This mix of MIT and non-MIT members is deliberate and distinguishes the Forum from other alumni activities. As such, it is a

[11] Not only the New England Regional Director's office but also the National Director's office were located inside the Alumni office suite.

very unique program supported by the alumni, because it is open to everyone [12]. This choice is also based on the assumption that "even a powerhouse, MIT, is too small" as one of the founding members emphasized. What he had in mind when designing the early Forum were different programs in the past that did not work well because "it focused exclusively on MIT as a source of ideas for the new companies without realizing that [MIT] was too small a universe" [Interview with a Forum committee member on 1/9/86].[13] The balanced composition of people in the Executive Committee of the Forum between MIT related people and non-MIT related people is the reflection of the alert awareness about the importance of openness and about the pitfalls of "the-same-people-all-the-time" syndrome" (i.e., the one of the ascribed reason that limited the New York activities). Interestingly, the very characteristics of open enough to include others is the MIT culture, as one of the Forum committee claims:

> "It [the MIT Enterprise Forum] is a typical MIT thing. Practical, focused on the problem at hand, and doesn't have any hidden agenda. Open, practical, fair." [Interview with a Forum committee member on 2/12/86].

(2) Search for cases The executive committee makes decisions crucial for the overall Forum's activities, not just for the monthly case presentations. It decides on the topics for the Annual Workshop for

12. It is also unique in that unlike other alumni activities that typically have a vague, but somewhat idealistic objective the Forum has a very specific, concrete objective to help entrepreneurs

13 Note that this remark was made by an MIT alumnus, not by somebody hostile to the Institute. His view was shared with other founding members in that they were aware that the exclusive club for MIT related people only would not work.

example. But all agree that its most important function is to find the appropriate cases and locate and mobilize outsiders to be on the panel for a chosen case.

The written documents do not talk much about what is the "right" case to be presented at the Forum, except for a general statement such as "businesses at a critical stage of development." The interviews, however, reveal that the committee has criteria for the selection of the cases. There are four factors:

- specification of the problem areas that potential presenters are facing
- possibility that the Forum can be of help to the potential presenters
- educational values and entertaining attractiveness of a case for the general audience
- personality and presenting skills of the potential presenters

This is not listed as a formal rule. It is clear that the committee members, however, share these points as criteria.[14]

Acquisition of appropriate candidate for cases and selection thereof have become salient, since the dramatic growth of participants in the monthly session in early eighties. Besides these four major criteria, there are other considerations. The first is whether the presenting company already has made a product or at least addressed the market (a stricter version of this criterion is whether an initial product has been sold). The second is whether it is of the appropriate size for the Forum

[14]. They have unwritten but clear items. My interpretation through comparing various interviewees is that these rules are conceived to be specific native rules. This does not mean, however, that each item in the list is clear and non-ambiguous. The last three items actually are fairly equivocal.

(neither too big nor too small). In other words, the company should have some revenue but typically under a million dollars. The third, which is becoming less binding, is whether it is a technology-oriented company to get most out of the MIT related resources. The executive committee also requires a presenting company to submit a business plan for review in advance of the meeting. These three considerations are summarized as follows:[15]

The presenting company needs to
- have a product in the market for sale or have already announced the product;
- be neither too large nor too small for the Forum[16]; and
- be a technology based company.[17]

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[15]. As compared with major criteria, these consideration seem more operational and unambiguous. If there is a large backlog of presenting companies, the committee can rely on more general and "idealistic" criteria shown above. When the Forum lacks a backlog, which is often the case, the three considerations provide a bottom line for search and selection of the presenting companies. It should be noted that the native's notion of major criteria and other (minor) considerations is misleading in a sense that often the latter play the role of a more important yardstick (especially when the Forum does not have enough of a backlog). Moreover, the three points here are more objective and clear.

[16]. The average size of the company of Forum participants, in terms of sales volume and the number of employees, are $ 1,406,000 and 21 employees, respectively. This means that the participants who are business owners have a larger company than the presenting CEOs. The survey result on a participant profile will be shown in Table 4-1 and be comparatively discussed in Chapter VII. If the presenting company is too large, it is against the original mission to help "small" businesses. If it is too small, the group atmosphere of the Forum can be harmful. For small but promising startup companies, the MIT New Venture Clinic is organized, as will be described later.

[17]. Currently, the Executive Committee is figuring out the way to invite service-oriented companies as well as technology-based companies.

The above criteria reflect the dual focus for presenters and audience. The elaboration of the criteria seems to be a result of the growing concern over "quality control" of the cases, as one of my interviewees noted:

> "We become a lot more disciplined. ... We are very conscious of the fact that we have an audience of two hundred people. ... So, I would say that we are a lot more conscious about the quality of panelists and quality of presenters than we were when we were just groping and finding our way." [Interview with a Forum committee member on 1/27/86].

When they were groping their way at the initial stage, the Forum's session was small and all attendances were known to each other. The search for cases was local -- for instance, one of the presenters in the very first session was a brother of one of the committee members. It was said that there were fewer entrepreneurs who knew enough about business plans. By contrast, now the committee relies on a more extensive search based on various networks each committee member embodies. As most of the committee agree, "This has always been a principal problem of the Forum -- locating and identifying good presenters. And it has been done through knowledge of the executive committee" [Interview with a Forum committee on 1/14/89]. The typical process of initial contacts proceeds as follows:

> "People ask venture capitalists for money. And so they are having people who come to them. All of us run into interesting entrepreneurs. And we say to them, "You might consider coming to the MIT Enterprise Forum. Do you have a business plan? And could you send me a copy of business plan to show the executive committee?" These people who

are venture capitalists in our committee are visited regularly by people searching for money. And they have to prepare the business plans.[18]" [Interview with a Forum committee who is not a venture capitalist on 2/3/86].

The next item on the agenda of the executive committee, after identifying presenters, is to have well-qualified panelists. Remember that one of the criteria for selection is the articulation of problem areas by a presenter. It is important to figure out who are the most appropriate panelists for a specific case. The acquisition of good cases always remains a challenge for the Forum; but reportedly, the search for panelists has been easier because at this stage the committee knows at least what kinds of persons the presenter needs to have in his or her session, as described below:

"We sit around [in the executive committee] and we have a case that somebody brought up and say, "let's get a panel together." What we can find in terms of resources to apply to that presenter, it's just phenomenal. ... We have somebody, or somebody that knows somebody." [Interview with a Forum committee member on 1/30//86].

"We sit around after we choose the company, we say to us,"Who do we know who knows this business?" And each take the responsibility to contact good old Joe or Susan, Anna, whoever to ask them to serve as a panel. That's how we do it. It works." [Interview with a Forum committee member on 1/14/86].

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18 Now they can ask a potential presenter to provide his or her business plan, because it has become common among the business community. It was not so common in late 1970s; and that is why the Forum was invented -- or "reintroduced" rather than "invented," given its remote origin in Entrepreneurial Workshop in 1971 and 1972. The topic for the first Annual Workshop in 1980 was about the business plan.

> "The panelists have never been a problem, because the executive committee has always had the networks. Nobody turns it down, absolutely amazing." [Interview with a Forum committee member on 1/27/86].

Related to this, recruitment of new members in the Executive Committee has been done in such a way that the Forum can cover a broader range of people, people representing different networks. This is claimed quite explicitly:

> "We [the members of the executive committee] have different networks. We deliberately choose our membership [of the committee] by having contacts in a certain area. There's a lot of mutual respect. because everybody in a committee is also an able person in their own light -- [yet, we] have different opinions. ... We look for people that fill certain category. Basically, we look for people who are in the entrepreneurial community who are networking one way or another." [Interview with a Forum committee member on 2/4/86].

These networks help identify panelists as well as presenters. Another Forum insider follows up this point by remarking that: "Now we've been very lucky in that we've been able to attract people to the committee who have a large range of contacts." [Interview with a Forum committee member on 2/3/86].

The search for panelists is extensive; and virtually there is no limitation imposed regarding who could *not* be a panelist, except for a following procedural rule derived form the mission of the Forum to produce "objective, critical advice." *Resource Brochure* explicitly states that "each member [on the panel] has no vested interest or other current affiliation with other organizations making the presentation" (p.3) in order to make panel's position one characterized by "total objectivity."

In referring to the process of locating potential panelists, a newer member of the committee mention that "The committee is very much loosely organized; but it is very efficient." [Interview with a Forum committee member on 1/7/86].

The Forum is an "open" arena for the people in the Route 128 entrepreneurial community; but as one member keenly points out, the executive committee itself is very a "selective," if not closed, group. It also should be noted that formally it has been decided at the committee not to use the term, "members" to refer to participants of the Forum,[19] because in fact there is no membership qualification.

The use of outside experts and professionals on the panel is a case of diversification, because initially all of the panelist roles were played by the members of the executive committee themselves as experts in some specific area There are some reasons why they now rely on outsiders .

First, the idea of recruiting experts outside of the committee is a result of the committee's awareness of the growth of the audience in the monthly case sessions. A larger audience, from their point of view, demands high quality panelists. At the same time, the very growth of the size of the meeting has brought a higher level of visibility for those people who might consider appearing at the Forum as panelists. The visibility and reputation is something that any expert or professional has

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[19] I did not notice this until I made presentation at the executive committee and was told directly that "member" and "membership" were taboo terms.

to build in their domain, as is typically emphasized by such remarks as "The panelists come because they like the exposure perhaps," or "They need visibility to the people in the entrepreneurial community."

Second, inclusion of outside panelists is related to the committee's perception of the importance of openness as opposed to the situation where the same people always appear, repeating the same old pet advice. This is one of the lessons that the Forum in Cambridge learned, at the very outset, from the New York experience.

Third, the shift of the configuration of the panelists from insiders to outsiders (plus one internal member) did not incur any additional expenditure. All are volunteers. Outside panelists, like members of the executive committee, donate their time. They get such invisible things as visibility, exposure, or reputation in exchange for their time. This sort of invisible reward, nevertheless, is important for those who claim that they are experts or professionals.

The volunteer spirit is a *modus operandi* for the Forum. Most of the operational and procedural issues center around the question of how to draw voluntary efforts from the community. The exposure and visibility, motivators for volunteers are intertwined with other factors such as the psychology of being asked for an expert view on the stage of the Forum (it inevitably has an element of "show" as participants admit), the understanding of "helping others" as an indicator of success ("helping" as intrinsically rewarding behavior for some), and some feelings related to fair resource exchanges or norm of reciprocity in a very broad sense, as the following quotes illustrate:

> "I think people are flattered being asked to participate [as panelists]. I think they feel they have something to contribute and I think most people who have been in an environment where they started their own business, feel strongly that they have got a lot of help from other people and you would like in some way to repay that." [Interview with a Forum committee member on 1/14/86].

> "It's an honor to be asked. They enjoy helping people. Most of the panelists are very successful in one way or another, and they very much enjoy helping people. And one would comment that that's why most people are successful. How do you get to be successful by helping other people? Panelists are good example." [Interview with a Forum committee member on 1/27/86].

> "If you find the way to mobilize the willingness of the people to volunteer their time, then you have a national resource that is under- or simply not-being-utilized. And it turns out that professional people are most complimented when you ask them for advice. They want to share it for you. Free. ... That is a discovery which can be very important to a country. It requires a willingness of the people." [Interview with a Forum committee member on 1/9/86].

The MIT Enterprise Forum is based on this kind of willingness of the people in the community. Typically, most of the comments on procedures and operations end with a short remark that says "And it works."

(3) Sponsoring organizations Based on voluntary efforts, the operating cost of the Forum is modest. MIT provides the place; the executive committee are volunteers; and the panelists as experts donate their time. A presenter is charged a nominal cost ($ 200) to cover a part of mailings and other logistical expenditures, not to pay for the advice.

In the early period, there was no urgent need for outside sponsors, as one of the founders recalls:

> "We didn't have any great need for sponsors, because we had very little expenditures. We sat in a classroom and discussed the problems. ... So, money wasn't the problem, because we didn't need it, because the institute [MIT] kindly provides the place." [Interview with a Forum committee member on 1/27/86].

Moreover, from the very beginning, the MIT Alumni Association was involved; and it provided free sandwiches for participants and the stationery and secretarial help for the Forum's operation.

As the size grew and the Forum's activities became more diversified, the Forum now has financial resources from outside.[20] The Executive Committee, however, did not ask a few extremely large corporations in the area to support their activities. Instead, the committee embraces (or co-opts) a large number of professional and/or service organizations. There are three underlying reasons for this choice. First, the amount paid by each ($ 2,500 per year) becomes small

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20. In Fall of the 1980 when the first Annual Entrepreneurial Workshop was held, they first experimented with the idea of having sponsoring organizations. Its sole objective was to reduce the fee of the Workshop so that wider range of CEOs (i.e., including very small businesses) could attend. Now, sponsoring organizations do cover the running cost of various kinds of activities done under the flag of the MIT Enterprise Forum. They are no more just for subsidizing the Workshop. For instance, the Forum needs financial resources to hire a full time professional as National Director. It should be noted again that the Forum does not require any membership fee. The only dues are for a subscription to the Forum Reporter. It is not a source for operating cost. It covers the printing and mailing cost of the Reporter. A subscription, as noted earlier, is not required to attend the session. As such, it is not a financial resource for the Forum.

relative to their size. Second, in so doing, the Forum gets linkages with organizations that represent various resources. Third, it could preserve a sense of community, by inviting various stakeholders located in the area.

If the Forum had relied on a few sources, it could not have achieved these three objectives. As of 1985-86 period, there were twenty one sponsoring organizations. Among those are all Big Eight accounting firms (Arthur Andersen & Co., Arthur Young & Co., Coopers & Lybrand, Deloitte Haskins & Sells, Ernst & Whinney, Peat, Marwick, Mitchell & Co., Price Waterhouse, Touche Ross & Co.), six venture capitalist firms and banks (Advanced Technology Ventures, Inc., BancBoston Ventures Inc., Burr Egan Deleage & Co., Charles River Partnership, State Street Bank & Trust Co., Venture Founders Corporation), four law firms (Choate, Hall & Stewart, Hale & Dorr, Herrick & Smith, Sullivan & Worcester), a technology-savvy consulting firm (Arthur D. Little Foundation), another dominant networking organization for small businesses (Smaller Business Association of New England -- in which the Executive Dialog Program, our comparative reference in this study reside), and the MIT Industrial Liaison Program. The new addition in 1986-87 period is another venture capitalist firm (Zero Stage Capital).

This list apparently includes the names of organizations that are "representative" of resources entrepreneurs need, from the point of views of the Forum insiders. Ideally, becoming a sponsor for the program, as the committee claims, is a way to show "community goodwill" and to enhance one's sense of belonging to the community. The overall characteristics of the sponsoring organizations is that they have a stake in stimulating entrepreneurship. There are, however, other reasons to become one of the sponsoring organizations: for some, to find a future customer and, for others, to get up-to-date knowledge on leading edge technology embodied by technical entrepreneurs. Let us consider the cases of CPA firms and law firms to see why they become sponsors. As a Forum insider who is CFO of a firm and is knowledgeable about CPAs.[21]

> "The CPA firms are the members [of the sponsoring organizations] and the lawyers are the members because they need to meet young companies. ... We attempt, when it's appropriate, to put sponsors on the panel. ... A sponsor will get some exposure on panels if they have the appropriate people and are involved. But I think in part it's again a part of networking, and contacts with young companies early. They are making what for them is a modest investment of money [$ 2,500 per year] in the chance that they would find a client or two." [Interview with a Forum committee member on 1/14/86].

The point is that finding out and approaching young companies, especially the promising ones at the very early stage, is much harder than doing the same thing for large established corporations. It is also emphasized that once a company has chosen an accounting firm, law firm, and other professional service providers it is very rare for the company to switch to different firms. That is why approaching client

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21. This is an example of how the Forum insiders interpret the motives of sponsors. This provides a native interpretation. How CPAs actually make decisions to become sponsors may or may not be congruent with this view. However, naturally occurring talks with people from CPAs in the field (monthly case presentation meetings) suggest this native interpretation is valid.

companies while they are even very small is important for professional organizations.[22] At the same time, the early stage is when a company strongly needs outside help for professional issues such as legal procedures.[23]

The Forum provides an opportunity. When an expert from a sponsoring organization is on the panel for a specific case, the organization even gets access to the business plan for review.

(4) Other activities of the MIT Enterprise Forum The focus of this study is on the monthly case presentation, which is the heart of the Forum activities. But there are other activities or programs that are run under the auspices of the MIT Enterprise Forum, some of which I have already touched on. Below is listed the other activities:

- Annual Entrepreneurial Workshop
- IAP Seminar
- New Venture Clinic
- Spring Seminar (new, from 1987)

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22. According to this view, the Forum is an opportunity for both sponsoring organizations and presenting companies. It should be noted that this is how the Forum insiders see "economic" benefits for them. These accounts may include insiders' "gossip tales" about why professional organizations support their activities.

23. There are also folk theories about the kinds of venture capitalist firms . Very roughly, venture capitalists which have keen interests in a "zero stage" company so to speak are regarded as different from those other venture capitalists which have been providing a larger amount of money for an "OK" company, needing a second round of finance. The former has to rely more extensively on the venture capitalists' personal network and their own flair for entrepreneurship. Some call the zero stage VCs a "venture advisor," because they not only invest for the company, but also "incubate" its business.

- Joint Sessions with BCS
- Publication of the Forum Reporter

The Annual Workshop is an all-day seminar held at MIT to discuss the impending special issue for participants of the Forum. The first topic was on the business plan, for example. Each year, the executive committee chooses the appropriate topic. There are about five hundred participants. The Workshop's primary function is educational; yet "business cards are exchanged madly" as a committee member noted and I have observed. The format is to let the experts and the experienced talk about the chosen topic. In the morning, keynote speakers appear in the auditorium where all participants attend. In the afternoon, the sessions are separately held in smaller classrooms, subtopic by subtopic. At luncheon, there is a speech by a prominent entrepreneur like Kenneth Olsen of DEC. It is open to the public, but with a registration fee.

By contrast, IAP Seminar sponsored by the Forum is free. It is a week-long seminar held at MIT during Independent Activities Period (a three week period between Fall and Spring semesters). There are more students; but it is also open to the community. The Spring Seminar was a new addition in 1987. It is more specifically geared to the interactions between people with business plans and people in the financial community. Like the Annual Workshop, with registration, everyone can attend it.

New Venture Clinic, in stark contrast with other Forum activities, is *not* open to the public. It is a deliberate choice by the committee, because very young companies appear to be too vulnerable to be exposed to the regular monthly meeting. The frequently heard comment on this point is that "Your competitors can come to the monthly case session." One of the Forum presenters pointed out that "Without trying to analyze the psychology that occurs in a Forum meeting, most remarks were adverse and not constructive."[24] Bearing this in mind, the New Venture Clinic, also known as Startups Clinic was started as a "private" session in the beginning of the 1982. Attendants need to have an "invitation"; and the session is held at the private dinning room of the MIT Faculty Club, not in the classroom or auditorium. The Forum gives free dinners for attendants during the session.[25] Normally three startup cases are discussed in a bimonthly meeting.

Annually, a joint session with BCS (Boston Computer Society) is held. The head of the special interest group called "Consultants and Entrepreneurs" under the umbrella of BCS has been a long-time participant of the Forum. BCS provides resource exchange opportunities for computer users. It attracts both the experienced and the novice, because of the diverse groups inside BCS. Among them, the group of people who are interested in entrepreneurship formed this specific group. Joint session is designed to inform BCS members of the different format, the MIT Enterprise Forum, and its participants.

The *Forum Reporter* is a monthly newsletter about the Forum activities and related issues. It includes announcement of coming case

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24. Quoted from the comments to the Presenter Survey conducted by the executive committee.

25. After my data collection was over, NVC began to charge the fee to cover dinner.

meetings (the summary of a company profile and problems and information on panelists) and the other Forum activities described above. The chairperson's column covers the issues of interests for the entrepreneurial community. Other items in the *Reporter* include: the calendar of the Forum meetings in other parts of the country; positions available in technology-based small companies; and the ads by service providers like office design, consulting in various areas, and even the ads of student organizations like the Small Business & New Enterprise Club of Harvard Business School. Recently, the *Forum Reporter* features profiles of the sponsoring organizations.

Current Functions As Forum Participants See Them

Participants of the Forum: Their Profile

The MIT Enterprise Forum does not have a clear boundary that distinguishes insiders from outsiders. It does not have any membership qualification. It avoids such terms as "members" and "membership." Yet, there are ways to group the participants. One way is to regard those who are active (in the mailing list) in the sense that they pay the most recent year's dues for the *Forum Reporters*. Another way is to examine those who attend sessions. The mail questionnaire survey (N=165) and the field-administered questionnaire survey (N=64) provide some basic descriptive statistics about general participants.[26]

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[26]. The mail survey adopts the first way to group the participants, while the field-administered questionnaire relied on the second.

Their overall profile is shown in Table 4-1. The average participant is in his or her early forties and has lived in the Boston area longer than a decade. Typically, he or she has received a master's degree, and is quite likely to have working experiences in big businesses, and already started his or her own business, or acquired one, or works for someone but aspires to have his or her own in the future. Very few are in a family business. Although female entrepreneurs are increasing in numbers[27], male participants are still dominant. The average size of the company -- excluding those who work for a large corporation -- is modest: about twenty employees and $ 1.4 million in terms of sale. More than half of the participants identify themselves as some kind of service providers, whether professional, financial, or miscellaneous. About forty percent of them are involved in high tech areas. About sixty percent of general participants are not affiliated with MIT.[28]

The participants appear to be very diverse. The diversity is regarded as an asset by the Executive Committee. The members of the committee have their own views about categories of participants, as follows:

- people who want to make things happen (CEO); people who watch things happen (students, professors, consultants, lawyers, bankers, accountants); people who wonder what happens.

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27. This observation of the trend or change over time is not derived from the survey but by comments of Forum committee members.

28. This reminds us of the balance of MIT related and MIT unrelated members in the Executive Committee. Being open to non-MIT people, as stated earlier, is the formal policy of the Forum.

Table 4-1
Overall Profiles of Participants of the MIT Enterprise Forum

Demographics	
Age	42.0 (10.0)
Gender (% of males)	84.7 %
Years in Boston	13.8 (6.1)
Work Experiences	
Years in small business	10.6 (8.9)
Years in big business	6.7 (7.9)
% of those who have work experience in big business	75.3 %
Education	
Level (Median)	master
Level (Mode)	master
% of those who trained as engineers	46.5 %
Company Profile (Self-employed only)	
# of employees	20.8 (64.4)
Sales volume ($ K)	1406 (2170)
Relationship with the company	
Started	53.6 %
Acquired	3.3 %
Family business	1.3 %
Plan to start	6.0 %
Work for someone else	35.8 %
# of Companies Started	1.38 (1.59)
Area of Business	
Category (Median)	professional
Category (Mode)	professional
-Manufacturing	5.7 %
-R & D	17.1 %
-Distribution	1.9 %
-Service	8.9 %
-Financial	12.0 %
-Professionals	31.0 %
-Company employee	19.6 %
-MIT student, staff, prof.	1.3 %
% of those in high tech areas	40.9 %
% of those venture capitalists	7.4 %
% of consultants	27.0 %
% of traditional professionals (lawyers and CPAs)	3.4 %
MIT Affiliation	
Alumni and students	32.3 %
In a broad sense	40.5 %

Note. 1. Numbers in the parentheses are standard deviations.
2. Ns range from 141 to 166 because of varying numbers of missing values in each item.
3. # of employees and sales volume are calculated only for self-employed respondents. Ns are 85 and 65 for # of employees and sales respectively.

- entrepreneurs; money sources (bankers, venture capitalists); consultants and professionals; on-lookers.

- people who run business; students; company employees dreaming about starting their own business.

- entrepreneurs; people that are thinking about becoming entrepreneurs; people looking for clients (lawyers, accountants, and consultants); people who are looking for money; people who just heard about entrepreneurship (e.g., students).

- potential entrepreneurs; entrepreneurs; consultants; professionals (accountants and attorneys); students.

- consultants, lawyers, accountants, executive recruiters and other services; entrepreneurs; students; potential presenters; people who now work for big companies.

- financial community; students; people who are aspiring to be entrepreneurs.

- professional people (venture capitalists, bankers, accountants, consultants); entrepreneurs; people who are just kind of interested in what's going on; a certain amount of people who go there to be visible to network.

- venture advisors (consultant for putting people together to set up a new company); general audience; venture capitalists; attorneys, consultants, bankers; business people who are considering change in career; students and faculty.

- people who are in high tech; those who are looking for a job; consultants; professionals (accountants, lawyers, and bankers); service providers; people who have a capital.

The common categories among these native lists are company employees, potential entrepreneurs, entrepreneurs, and service/ professionals. The field survey reveals that there are as many service/

professional people as entrepreneurs (25 % each). The remaining participants are company employees and "potential entrepreneurs"[29] (20 % each). The rest is the residual category of on-lookers (about 10 %).[30]

Benefits for Forum Participants

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[29]. In the pilot survey, there are four categories: business, financial, professional, and university related. There are three subitems in the category of business -- entrepreneur, company employee, and potential entrepreneur -- assuming that those who work for large companies and are considering starting their own business would check the subitem of "potential entrepreneur.' The creation of this categoric scheme was revised over and over again as the interviews with the Forum committee members proceeded. It was finalized with an intensive talk on the design of the questionnaire with the then-chairperson of the committee. Naturally occurring interviews with general participants support the native distinction between the company employees who will remain as employees and those who work for someone else but are aspiring to be an entrepreneur. Typically, in response to my question on why you are here, the former replied, "I am here just to learn the technological trend, and the latter, "I now work for DEC, but try to start up mine. There are role models here." For the items used, see question #4 in Appendix 3.

[30]. The above ratio of entrepreneurs and company employees derived from the field administered questionnaire are congruent with the result of the mail survey data (see the items on Area of Business in Table 4-1; 24.7 % for entrepreneurs -- 25 % in the field survey and 19.6 % for company employees -- 20 % in the field survey). The field survey sheds light on the group configuration at a specific session, while the mail survey must reflect the configuration of the people on the mailing list. As for the percentages of entrepreneurs and company employees, they are equivalent between the two different surveys. It should be noted that there are many more professionals/service (31.9 % and 8.9 % respectively) in the survey data, indicating that those people take information from the Forum Reporter but do not necessarily go to monthly session as frequently as entrepreneurs and concerned company employees do The mail survey does not have the category of "potential entrepreneurs". Yet, the closer examination of the items about the relationship with the company (the fourth item in Table 4-1 and area of business (the seventh item in Table 4-1) reveals that there are 35.8 % of participants who actually work for someone else and that when asked identity, just 19.6 % of participants are in the category of "company employees." This indicates that the gap (16.2 %) may represent the "potential entrepreneurs."

The actual functions of the Forum must overlap with, but may be different from, the original mission or the formal statement of the objectives. The following is the folk view of "functions" of the Forum, by a participant category.[31]

(1) **Presenters** For presenters, the Forum in accordance with its mission should work, first and foremost, as an educational experience. The presenter survey[32] shows that the majority of the former presenters report the comments from panelists and the general audience is helpful (73% and 81 % respectively). Even if a presenting CEO does not get "useful comments" from panelists and audience, there are still benefits derived from self-analysis. The members of the Executive Committee believes that the Forum's monthly case presentation naturally enforces the presenter to *self-analyze* his or her company's problems very carefully, because of the sheer fact that he or she will present them in front of the large audience that includes entrepreneurial peers and well-acknowledged professionals.

It is difficult to trace the benefits derived from the presentation at the Forum. Sixty-eight percent of people, however, reported that there were concrete results. The distribution of concrete results is 53 percent in financial contacts, 24 percent in strategic advice, and 12 percent in

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31. "To help entrepreneurs" and the educational mission are the core values for the Forum activities. By tackling what is conceived to be benefits to each participant categories, the current functions of the Forum are revealed. This is the aim of this section.

32 As explained in Chapter 3 on sources of data, the Executive Committee has conducted an "in-house" survey by a few members. The result was reanalyzed. Because of the difficulty of locating former presenters, the sample size is limited (N=19). As of the date of the survey (1984), there were about one hundred cases already presented at the Forum.

organizational issues.[33] Therefore, creation of contacts appear to be one function served by the Forum.

(2) Panelists The motives of and potential benefits from being in the panel have already been discussed. To review, exposure, visibility, and reputation are the key rewards. These words imply the broader search for potential clients and contacts with them: as many interviewees describe that "They would like to meet young companies."

The very success of the monthly session that is visibly measured by the size of the meeting helps contribute to make the "visibility" benefit attractive to them. Consider remarks like this:

> "Over time, based on the reputation of the things we have been able to accomplish, it is now viewed as somewhat of a privilege, I think, to be selected, asked to participate on a panel." [Interview with a Forum committee member on 1/27/86].

At the end of the session panelists as well as presenters are typically surrounded by interested people from the audience.

(3) General audience The benefits differ among different participant categories: potential entrepreneurs and company employees, entrepreneurs, professionals and other service-providers, and on-lookers.

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33. Included in a 12 percent residual-miscellaneous category are "new accounts/customers" and "improved presentation method."

First, for potential entrepreneurs and company employees, "change in career" and "establish some connection [and] identify with people that could help them" are claimed to be potential benefits.

Second, the expressions used in explaining benefits for entrepreneurs in the audience (not presenters) are to "see what other people's experience," to "hear about other people's problems to see if they relate to theirs," and to "know they are not alone."

Third, with regard to those people who provide professional services (consultants, lawyers, and accountants) and money-source people (venture capitalists, bankers, and personal investors), they say they "look for [business] opportunity [and] business opportunities and [use the Forum as] a market place," "look to see for clients," or "maintain access to deal stream." "Exposure to the industry" not only for visibility purpose but also for learning purpose is regarded as another objective for those professionals and other service providers to come, because they work *for* the targeted industry. They do not work *in* that industry. As a former presenter comments, they "quite often wind up with contacts." The benefits for them seem to be very similar to the panelists.

Fourth, on-lookers are those who come to the Forum just for fun or curiosity. Among former presenters, some do not like the idea of allowing the people of this sort to attend, as exemplified by a comment that "Limit your audience [by 'invitation only'] to serious investors," or "Eliminate students and those who come to kill an afternoon (The Presenters Survey)." The executive committee, by contrast, believes that diversity, even the one created through appearance of "on-lookers," is the important addition to the Forum activities. The different norm of "invitation only" is realized through the New Venture Clinic; and the exclusion of students is by no means a conceivable action. Students, to committee members, seem to contribute to enhance the quality of the session, depending on their special areas. In my observation period of other Forum activities, I have noticed that even the undergraduate students actively participated in the Forum's IAP program. For those on-lookers, again educational benefit is an element, as typically commented as the values of "vicarious exercise based on real cases."

The Forum as a Meeting Place

The interviewees are conscious of the different benefits for participants. Most commonly, they juxtapose the educational and learning benefits with those of networking (or contacts-creating) benefits. For entrepreneurs, the Forum provides the "vicarious exercise." For professionals and service providers, it is a vehicle to learn about the problems and technology inherent in an industry they do not belong to, in which their potential clients try to survive and grow. If asked to explain the original mission of the Forum, the focus was typically on learning and educational aspect. On the other hand, if asked to explain the current functions, networking or the creation and use of contacts tend to be included as benefits.

The growth of the Forum has made contacts far-reaching. The proportion of professionals, consultants, financial people and other service providers on the current mailing list is now over half of the participants (51.9 %). The growth could be a mixed blessing. One of the founder commented as follows:

"We characterize that we don't care about the accountants and lawyers and management consultants who wanna make money out of that [the Forum's meeting]. That's fine they can do that in the market place. This [the Forum] is another market place. It is inevitably a market place." [Interview with a Forum Committee member on 1/9/86].

Interview data are thick with the notions similar to the "market place" function of the Forum in explaining the current functions (after the question of the original mission). Consider the following views:

"It is almost "a dating service" between sources of funds, venture capitalists, bankers and users of funds, entrepreneurs." [Interview with a Forum committee member on 1/26/86].

"Since I knew many people, and small technology-based companies, I was also intrigued that it just served as a sort of a meeting place for people I know." [Interview with a Forum committee member on 2/3/86].

"[As a former presenter] the Forum was presented as one of the means by which you could get exposure and opportunity to meet with various people in the community." [Interview with a Forum committee member on 1/28/86].

"Now that it's too big [to have useful direct interaction inside the Forum]. If you are in a big group like that, you might meet somebody; somebody might introduce you to others and you might talk to somebody, and then you pursue outside. It [the Forum] is the contact point, but I don't think it's where the interaction really takes place." [Interview with a Forum committee member on 1/14/86].

Challenges and Dilemmas of the Forum

There are challenges and dilemmas of the Forum as perceived by participants . The MIT Enterprise Forum has grown and diversified.

There are a few challenges and dilemmas perceived by the Forum insiders.[34] First, the overarching challenge, if stated simply, is "to remain interesting to the group." The dilemma is that the success of the Forum will undermine the original excitement. Being already successful is a mixed blessing for those who would like to create something new rather than maintain something existent The core members of the Forum are entrepreneurs; and their own self-identification lies in creation. As such, success already in hand can be both excitement and bewilderment, as two of founding members noted:

> "The problems is how you maintain something that's successful without losing its appeal. ... Sustaining a successful program is a challenge. And I don't know the answer, because most entrepreneurs are not [good at maintenance]. When you achieve success, most entrepreneurs quit to start something else. ... And how do you keep an entrepreneurial group entrepreneuring when there's no longer a need for entrepreneuring?" [Interview with a Forum committee member on 1/21/86].

> "More interesting thing for me is to create things. I mean, I start businesses professionally. And the fun, the maximum fun for me was starting the Enterprise Forum. Now I watch it being around very well, and that is a great pride, and I'm very glad to see that it's working well. But I wonder what's next." [Interview with a Forum committee member on 2/3/86].

Second, the executive committee is beginning to show apprehension about growth. The sort of apprehension held by the committee members is illustrated as follows:

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34. It should be noted that these challenges and dilemmas are those seen by Forum participants; and as such, they do not represent my diagnosis.

"Some people think that growth is great. I don't think that growth beyond a certain point is great." [Interview with a Forum committee member on 1/27/86].

"I am very expansionistic. We've expanded a lot. So we have to make sure that the quality control was there." [Interview with a Forum committee member on 1/21/86].

These are the very reason why they started the New Venture Clinic (the Startup Clinic) and separated it from the Forum(i.e., the traditional monthly case presentation meeting). The dilemma of growth has been attenuated by two efforts. The first is to diversify into different kinds of programs, which include the New Venture Clinic, instead of expanding each and every program. The second is to create the Forum chapters in different parts of the country (Chicago, Denver/Littleton, Los Angels, Miami, New York, Seattle, Houston, and Washington, D.C./Baltimore) and in different countries (like Mexico), instead of exerting exclusive efforts for further expansion of the Cambridge Forum only. The National Director is responsible for this geographical expansion.

The third challenge, also related to growth, is how to avoid "bureaucratic syndrome" while maintaining a substantial size of the activities. It is easy to rely on volunteers if the activities are modest. Consider the following self-diagnosis of the Executive Committee itself:

"See, it's a mature organization. And the executive committee is managing an operating procedure that is primarily a day-to-day function; and the day-to-day function is high frequency. ... Only rarely does it get into side discussion of evaluation, or change, or what have you." [Interview with a Forum committee member on 2/2/7/86].

"Another challenge is to fight bureaucracy. ... We just have to be vigilant against the danger of creeping bureaucracy." [Interview with a Forum committee member on 2/12/86].

"We don't have time to do future thinking, and I'm concerned about that, 'cause we are big organization now. ... We at the Enterprise Forum don't spend enough time thinking about what we are doing. In business, we would say, this company doesn't have a strategic plan." [Interview with a Forum committee member on 2/3/86].

"My only suggestion is to guard against institutionalization of the Forum since most of the benefits was [sic] derived from its informal nature and the diversity of the interactions that it encouraged." [A respondent's comment in the Presenter Survey].

These three are the challenges and dilemmas of the Forum as perceived by insiders. A common thread among them is that the success, growth, and maturity of the Forum activities produce these challenges.

It [The Dialog] is more a group therapy. You in a small company like this, you have to get out. Otherwise we get buried in this.

People just talk to each other. I go up to some people, when I am in the depth of the problem. ... And I go up to somebody at one of those SBANE [Dialog] meetings and say, "Am I going crazy?'

CHPATER V

THE EXECUTIVE DIALOG OF THE SBANE: SESSIONS FOR CONFIDENTIAL DIALOGUE OR GROUP THERAPY

Origins of the SBANE's Dialog

The Smaller Business Association of New England, widely known as SBANE (pronounced, 'es-bein'), claims in its brochure to be one of the oldest associations in the United States. It was established in 1938. There were two basic forces[1] that account the birth of SBANE.

According to interview with full time SBANE staff members (on 11/17/86 and 12/4/86) and a brochure called *SBANE Membership Guide*, there were two forces to establish this association. First, SBANE was established as part of F. D. Roosevelt effort to provide a political

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[1]. The brochure only touches on this issue very briefly. The two factors are pointed out by the SBANE insiders.

constituency for small businesses. The secretary of commerce under the FDR administration looked for voices of small business concerns, because nobody talked about small businesses while big businesses were active in lobbying. The big business community was not happy with the FDR administration. It was vocal, but its small business counterpart was not. The secretary, therefore, asked small business owners to organize political circles in various regions and encouraged them to come to Washington. The White House Conference that invited these legislative association for small businesses was not very productive, because of a lot of fractions caused by differences in industrial bases in different regions. SBANE was the "lone survivor" of this conference held in 1938.

The second force was said to be the efforts of the War Mobilization Board, an organization designated to organize and mobilize resources in small businesses. There were many small businesses that did not know how to influence legislative processes. So, it deemed helpful for small businesses to be associated with each other to form an organization, for instance, to realize the government procurement interest.

There were similar organizations from these two thrusts in other regions. Unlike others, the one in New England area survived and remain active.[2] The national network of SBANE and other support organizations for small businesses in various areas for legislative action have evolved into SBU, Small Business United, in which SBANE plays a

2. It is claimed that other similar organizations were too loose to survive. A phrase like "lone survivor" is a term formally used in the brochure to refer to SBANE.

major role. President of SBANE is a secretary/treasurer of SBU. [Interview with a full time SBANE staff on 12/4/86 and SBU's brochures].

"The organization's charter" of SBANE, according to the formal statement, "is to promote and protect small companies throughout the six state regions and on a national level, through its affiliate Small Business United" (*SBANE Membership Guide*, p.1). Annual dues of SBANE membership varies depending on the size of the firm. As of 1986-87, if the number of full-time employees is equal to or less than five, $ 185 are the dues (the minimum case); and if it is equal to or more than four hundred, $ 1,200 are the dues (the maximum case).

When SBANE began, there was no full-time staff. It was supported by volunteers. The organization now has a president and a four member full-time professional staff (that includes a Director in Educational Services who is responsible for Dialog Groups) in addition to secretaries.

The president and staffs are aware that without their conscious efforts together with those of volunteers', the organization like this is feeble. In referring to this point, the president of SBANE remarks that "many of them [members of SBANE] are entrepreneurs and the last thing they want to do is to work together." [Interview on 12/4/86]. This implies the loosely associated nature of SBANE as a whole. Inside SBANE, however, there are programs that create cohesion. Among them is the Executive Dialog Program. This program was established more than thirty years after SBANE's inception. SBANE now officially identifies three areas of interest; legislative activities, educational services, and benefit programs (to provide a group-rate insurance to member companies). Dialog belongs to the educational division of SBANE's activities; and as such, the director of educational services in SBANE has been responsible for supporting Dialog activities .

The idea of the Dialog group was first articulated in 1969; and its first pilot group was run in 1970. Another origin of the Dialog concept was Harvard "live-in" seminar. [The data sources for early Dialog are interview with SBANE staff on 12/4/86 and 1/17/87 and interview with an ex-Dialog member on 1/16/87 and the SBANE brochure, Dialog pamphlet and relevant articles in the *SBANE Enterprise*]. The live-in seminar is an intensive, educational program for only a limited number of (approximately forty five) CEOs. They discuss cases in groups in a resort area such as Cape Cod away from their daily routine and spend three days together. The brochure described the nature of the live-in seminar in 1986 as follows:

> The fact that small company CEOs have more to learn from each others' experiences than from purely academic presentations is central to this seminar's design. ... [Its aim is to] Create an atmosphere whereby peers can share common problems and gain new insights from interaction with other presidents. ... The accommodations are spacious and the food excellent. but more importantly, the "enforced" isolation from daily business distractions is essential to sustained, in-depth discussions. The atmosphere .. is conducive to the comradely of peers, which is integral to this program. (From 1986 brochure of *The Entrepreneurial Management Program* by SBANE and Babson College).

Experiences of running the "live-in" seminar for more than twenty five years suggest how important it is for entrepreneurs to be in a group comprised of peers. Participants in the seminar are learning not just about cases, but they are bringing their own background and their own "real" case to wrestle with "assigned" cases in a group. The group was called the "can" group in the early days.

> " ... [In the "can" groups, participants were] charged with the duty of discussing case problems, but invariably the conversation would around to shop talk, comparing notes and generally sharing and learning from others' experiences." [A letter of invitation to the Program from SBANE to potential participants, explaining the connection between the Dialog and the Harvard live-in seminar in response to inquiry about the Dialog Program, the internal document dated 1/11/1982]

In order to try a more long-lasting peer group, the SBANE headquarter still needed a person who championed her own version of that kind of group. Independently of the live-in-seminar, she came up with a much clearer idea of Dialog (originally spelled Dialogue) Group. President of SBANE confirmed that she invented the idea; SBANE's role was to help her realize her idea. Note, however, that the following basically is her own account on the birth of the Dialog.[3]

The inventor of the maiden Dialog has been in PR and design business, what is now beginning to be known as CI (Corporate Identity) business. She now is a full-fledged successful entrepreneur and corporate logo designs created by her company include popular companies. Back in late 1960's, she began to work for the company

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3. With a help of the President of SBANE, I tried to locate other ex-Dialog members who participated the original experimental group. When names were identified, the ex-members either moved and could not be located for contact or were too old to interview. Thus, I need to rely on her account, partly confirmed by the President of SBANE.

where her husband was a designer, however, she was an inexperienced, fledgling business woman who was trying to take care of managerial issues. Her husband was on the design side; she was on the management side. At that time, the company needed someone who knew budget control, finance, marketing, public relations, and above all, personnel. These are rather universal issues for managing a small, growing businesses. She felt "it would be good to be able to discuss with other people because I had nobody to talk to" [Interview with her on 1/16/87]. Her company did not have the board of directors then.

In the letter written by this person to the SBANE's office, her ideal Dialog Groups was described as follows:

> (1) The meeting could, and probably should be held in each members' office in turn. The day the member was to be a host would be the day he was "king" [or she was "queen"].
>
> (2) There would have to be a group leader [later its name was changed to "group coordinator"]; perhaps an eleventh person; perhaps each one of the ten in turn. [The latter option was chosen for an experimental group].
>
> (3) Minutes should be taken; persons or companies should not be named in the records; just problems and suggestions [hopefully, in her initial suggestion, to publish and make earnings for SBANE] Of course, a member can designate his problem as confidential.
>
> (4) If the pilot group is at all successful, its members, if they wish, can join ten different groups [it actually turned out to be six as will be described later] for another ten

weeks; thereby getting and giving fresh opinions. [Internal document at SBANE, a letter dated June 26, 1969].[4]

She concluded a letter, by alluding to the metaphor of "group therapy," a recurring theme in describing the nature of Dialog Groups. Her remarks were cited in the SBANE's newsletter:

> In my estimation, the value of groups such as this is not only to resolve business problems. It would actually serve as group therapy for pressured executives. The ability to discuss their business problems, and have nine knowledgeable people concerned for one day with these problems, could be a great release valve for excess pressure. Even if the executive is just able to put his problems into proper perspectives for a fresher outlook, the meeting would be invaluable. [An article on the early Dialog in *SBANE Enterprise*, n.d.].

This article reported the successful completion of a five month pilot group (in 1969) and gave the introduction of, and invitation to, the new program, the Executive Dialog Program [Internal document dated 7/21/70, titled "SBANE launches Executive Dialog Program].[5] Additional information about the program in the announcement shows that the original idea of taking minutes was dropped and the issue of confidentiality became more salient:

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[4]. It may be interesting to note that there was no description on the composition of the group. Later, the Dialog elaborated rule on this (for instance, no competitors in the same group).

[5]. In response to this announcement, Dialog came into existence -- sixty people signed up for the program and for the first time split in six groups of about ten members each (The number is reported in *New England Business*, August 1971). How there sixty were attracted and how many of them remained in the program is not clear from the available data .

> Of course there was no "tuition." No record of the discussions was kept so that free exchange would be encouraged. No attempt was made to formalize the proceedings. We avoided structuring the meetings to minimize the possibilities of inhibiting or restricting free exchange. [Internal document dated 7/21/70].

All of the documents and sources of oral history of the Dialog have given credit of the inception of the Executive Dialog to her. She, therefore, is regarded as an inventor-founder of the program. She recalled that:

> "I went to the [SBANE's] annual meeting, and I met people. A lot of them had smaller businesses. Some of them were much larger than my smaller business. And they were people running it. I was at the meeting; I asked questions to these people, because I had the opportunity to speak to them at dinner table, having a drink with them, and they were very friendly people. And so, I started to think -- "Wouldn't it be good, if I could really be able to talk to a few of them about *my* problems? And it would not be at the annual meeting, it was some place where we can really talk." I asked [the name of the person in SBANE] if it was possible for SBANE to have meetings where maybe, ten or twelve members of SBANE would get together once a month, meet at one of the member's office. ... The reason for the meeting was to help the hosts solve or resolve some of their problems, or at least, think it through, help them think it through, even if you didn't resolve it. It would help whoever is the host psychologically as well as realistically, because you need somebody to talk to. And it would help that psychologically, especially for myself. Really I did it for myself [which turned out to be good for each other]. I can't say I did it out of any altruistic feeling. I needed that kind of help, because I was running the business and I was alone with nobody to talk to." [Interview on 1/16/87].

There are, of course, some notable differences between the live-in seminar and the Dialog: a three day seminar versus a year round program; appearance of formal instructors versus the lack thereof; expensive fee versus smaller or no fee[6]; off-site meeting away from one's company versus of-site meetings at the host CEOs company; Business School cases versus real-life cases -- and there are some other elements that will be discussed later when the features of the format and the ground rules of the Dialog are explicated.

It took a rather long time for the Dialog to become known among SBANE members. There are, at least, two reasons pointed out by the Dialog and ex-Dialog members who knew of the early stage. First of all, the pilot group was started as an experiment. The former Dialog chairperson explains: "it was kind of happening, more by accident than by design" [Interview on 3/3/87], recalling the early period. "It was very modest," the Director in Educational Services at SBANE has remarked, "I mean, we didn't really know what we are doing. We just know that there was a value in bringing people together" [Interview on 11/17/86]. It was an experiment.

Second, although the effort had been made to increase the membership of Dialog through the first Executive Dialog chairperson, himself a volunteer in the pilot group after this modest experiment, the program had still remained modest, or as one member alludes, "it was sort of an insider's joke that we considered the Executive Dialog as 'SBANE's best kept secret'" [Interview with a Dialog member on

6. The fee of the live-in seminar in 1986 for SBANE members is $ 1,600; for nonmembers is $ 1,750.

1/14/87]. Only in the last two or three years has SBANE promoted the program. For instance, one of my interviewees who has been an SBANE member for seven years did not know that the Dialog has been existent before he signed up in 1984. Yet, in 1970, as described earlier, there were about sixty members in six Dialog groups. As the inventor-founder of the program noted:

> "I don't think they [SBANE's professional staffs] realized how successful it [the idea of the Executive Dialog] was, even for the first few years. It was just easy for the organization [SBANE] to have it happen. I don't think it was that important thing to the organization [in the formative years]. It was important to little groups." [Interview on 1/16/87].[7]

In the early days it did not grow. The SBANE membership survey conducted in 1985 revealed that the Dialog received a very positive reactions among those who had experienced the Dialog Group but that a higher percentage of the members never heard about a program like this. Promotion of the Dialog Program was not done until the SBANE headquarters received the 1985 survey result. The Director in Educational Services commented:

> "It's quite natural to find many of them don't know about it, because Dialog groups are informal. Well, plus even though the group meet all year long, they are kind of on their own. They are acting very independently." [Interview on 3/2/87].

7. Interviews with SBANE staff members (on 11/17/86 and 12/4/86) confirm her view.

The growth in the size of a program is regarded as an indicator of the degree of its success. It should be noted, however, that unlike the Forum, the only way to expand the Dialog was "grow and divide," not just simply "grow and grow." It is a "small"-group-based program. The founder quit the program (and SBANE itself) a few years after the birth of the Dialog. She expressed a mixed feeling toward expansion. She has been pleased to see her brainchild flourishing. Given the nature of peer supports, expansion should be treated very carefully, as she warns: "Stay small and simple. That's the biggest challenge. Stay small and simple as they grow."

Stimulated by the result of the survey, the current Dialog chairperson, in collaboration with the SBANE education director, tried to make the program more pervasive among SBANE members. The program had reached one hundred in 1985-86 period; and more than one hundred and seventy signed up for 1986-87 period -- with some attrition, around one hundred and fifty members are in ten separate Dialog groups for year 1986-87.[8] The expansion policy remains the same. "More groups to keep the size down," said the SBANE staff [Interview on 3/18/87]. In the process of promoting the program, the SBANE Dialog Committee had paid attention to how they can expand activities without harming the very nature of entrepreneurial "peer" group. For instance, letters to encourage current members to sign up

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8. Unfortunately, there is no formally documented data on the rate of "repeats." The only way is to trace individual names signed up for each year. Among 23 Dialog interviewees, 12 repeatedly attend the Dialog. This ratio, however, should be regarded as an overestimated number, because the group coordinators in principle are chosen from those who have previously experienced the Dialog and eight interviewees were group coordinators.

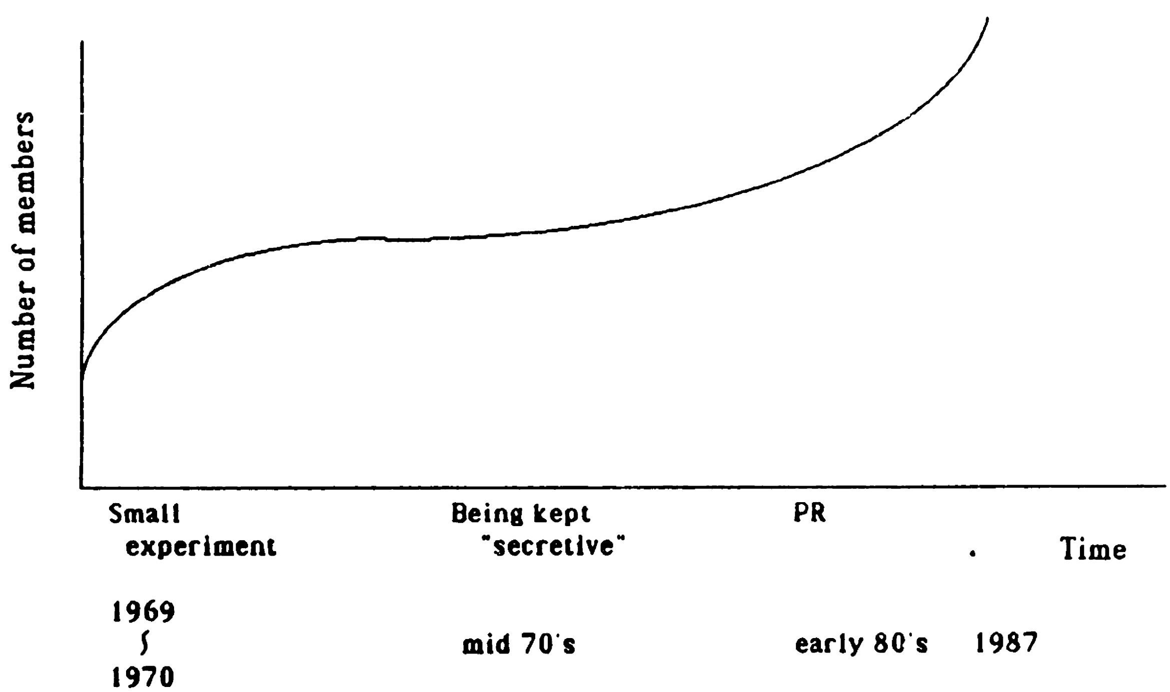
for the Dialog next year are mailed out by using the letterhead of the peer's company rather than the SBANE letterhead, because insiders assume that the Dialog Groups are *their* groups. Former participants undertook the publicity attempt, mailing letters to other SBANE members.

In summary, the growth trajectory of the Dialog was a very modest starting as a pilot in 1969; it became a formal program with limited growth and diffusion and surge in 1970; it became stable, or "a secret among insiders" for more then ten years; and after the 1985 survey, it was vigorously promoted to the current size -- about one hundred and fifty out of the overall SBANE membership of approximately, two thousand. The growth pattern is shown in Figure 5-1.

The growth of members from the service industry was greater than those from manufacturing counterpart, partially corresponding to the overall change in the composition of SBANE membership. The survey result shows that more than sixty percent[9] of SBANE members belong to the service industry; but the percentage is reportedly higher for the Dialog program. Dialog insiders perceive the over-representation of service people in the Dialog resulting from the desire

9. 26 % in service in general plus 20 % in finance and another 20 % in other professional service. See Table 5-1 in this chapter as well as the Appendices 4b and 4c, item (7) of Question 13. The exact categories used are service business (e.g., printing), financial (e.g., banker, venture capitalist) and professional service (e.g., lawyer, CPA, consultants). Service in general like printing is separated from traditional professions like CPA, as one interviewee said "there are blue collar service and white collar service" and another interviewee who is in the printing business noted that "I am in service; but I do not want to be mixed up with other service providers like consultants, because I have an operation here."

Figure 5-1
Growth of Dialog Members



to solicit business. Such action is contrary to the original mission to"help each other in a peer group."

To cope with growth the following were added to the program: an annual fee for the program; the "kick-off" dinner meeting; assignment of a coordinator for each group; and the formalization of ground rules and other documents related to procedures.

Immediately after *Inc.* magazine published an article on the SBANE's Dialog, the Director in Educational Services and the Dialog committee prepared a packet for responding to those interested in the program living where SBANE did not serve. In that document, SBANE emphasized the evolutionary nature of the Dialog's birth and growth, and gave a caution:

> The SBANE Executive Dialog program began .. [as] the *brainchild* of one of our members who felt the need to talk to other business executives in an informal environment. A pilot group was formed, and *grew by trial and error techniques.* ... SBANE recommends you begin as we did, *slowly, with a pilot group.* ... [In explaining the nature of the "How-To Guide" enclosed] The instructions which follows are informal and are by no means cast in concrete. ... Others may well find, through *the grand old process of trial and error*, that modifications of one sort or another will better suit the needs of a particular population. [Letter dated Winter 1982; emphasis added]

A recent development of SBANE's support of entrepreneurship and small business include the ties with the MIT Enterprise Forum. SBANE now is a supporting organization of the Forum.

The Objectives: Peer Support Group

Frequently remarks in brochures and interviews characterize the objectives of the Dialog in terms of peer-group support. Examples of such native remarks are "long term relationships", "experiences sharing in an informal atmosphere", "collective problem solving", "relaxation of executive stress", "being together" or "comradeship with others." The metaphor of "group therapy" and the "nobody-to-talk-to" syndrome epitomizes the underlying rationale for the Dialog as perceived by the Dialog members. The formal rationale includes the *pragmatic* objective to help members' business, in addition to comradeship with peers.

For instance, the official brochure of "Executive Dialog," subtitled "a dynamic sharing of experiences with business peers," touts the pragmatic benefits (underlined below) and the consummatory values of being with peers (italic below), as follows:

> The Dialog Program is an open window to the vast world of ideas and <u>business developments</u>. It can be a mirror to discover how <u>your business acumen</u> compares with others.
> • Imagine being able to share your ideas and convictions, your problems and objectives, with 10 to 12 of *your business peers*
> • Consider the benefit of an *informal setting* designed to produce lively initiatives, capable of <u>improving your profits</u>
> • Imagine doing this at a <u>cost</u> of little more than your time
> • In this process, imagine discovering *lasting friendships* and associations which will <u>help your business to prosper</u>
> ... Many of these [those who have experienced the program] said Dialog is a principal reason for continuing their SBANE memberships. Many others have said it was the reason they became SBANE member in the first place. For all who have, in any year, given Dialog the *time required*

> *to make it a commitment*, there has been at least the reward of a stimulating exchange of ideas.
>
> Those who have participated in previous years would tell you to expect a re-invigoration of your mind and your spirit. They also say the *comradeship with your business peers may be an end itself.* ...[Emphasis, both italics and underlining, added].[10]

What is meant by peers is not so easy to grasp. For some members whose businesses are modest and embryonic, the "Executive" Dialog might sound like the program for established CEOs of "relatively large" small businesses. Therefore, SBANE uses a careful, but a slightly vague explanation on this so that fledgling entrepreneurs are also encouraged. At the time, when the inventor-founder of the program first came up with the idea, her company was also small. An SBANE full-time staff member pointed out:

> I think we chose our wording carefully. It says you should be the person responsible for running and growing the business. ... We avoid saying the title, president, or CEO, because, frankly, a lot of our members are owners, or they don't even know what their title is. They are too busy running the company to worry about the title. The bottom line is whether they could say that "I'm the real decision maker of the company." That's the only thing we really care about. [Interview on 11/17/86].

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10. A content analyst might note how this publicity brochure is written in the language of approved motives. The group therapy metaphor (with reference to loneliness), a guiding principle in the early stage, now in the brochure, is, *subrosa*, hidden between the lines. The two aspects are contrasted between italics (less emphasized comradeship theme) and underlines (more salient practical business theme). Most of my interviewees notice the gap. For instance, one Dialog group coordinator showed difficulty in accepting the overemphasis on pragmatic aspect and coined a new term, "business-social" objective, which he claimed was more comfortable to him and more accurately described the Dialog. This terms will be re-examined later.

In big business associations, it makes sense to distinguish between corporate membership and individual membership. For SBANE, membership is not generally perceived as corporate membership. A person who is responsible for the business holds a membership, because it is not a company, but an entrepreneur as an individual that can express problems and listen to others' problems.[11]

For some problems, entrepreneurs, as the Dialog members often claim, they are not able to talk to neighbors[12], competitors[13], experts, relatives or even family. If they think they need hands-on advice, experts are too-detached, hands-off, self-interested, and costly albeit knowledgeable in that area. If they think the issue resides in the problems inherent in a family business, parents and siblings, for this very reason, are not the right persons to talk to. Disinterested peers appear to be only resources.[14] Members of Dialog are regarded as a pool of resources, as is clear from a typical passage in the letter of invitation to the Dialog session by the host of the evening:

> "Please come as we hope to have an interesting discussion on a large pool of knowledge and experiences: YOURS. ...

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11. The organization as a personal possession in itself may characterize the mind-set of small business owners.

12. One of the Dialog member did not know another member in her group who lived within a minute from her site, until they eventually met in the Dialog group to learn that they had been neighbors.

13. By contrast, the Forum insiders suggest that competitors are sources of information on non-technological issues like organization and accounting system for technology-based entrepreneurs.

14. The only realistic qualification for this statement, as conceived by natives, is that peers are, at least, as experienced as themselves so that they can equally contribute to group discussions.

PLEASE COME as we need YOUR input and questions. I am open to all suggestions." [A passage from a letter written by a Dialog member, n.d.].

Candidness and honesty of this sort is conceived to be a necessary condition to make a session productive enough to achieve the Dialog's stated goals.

Peers are resources if they are properly selected. Proper selection is much easier said than done. Those who have experienced the Dialog begin to be aware that there are some factors that make "naive" definition of peers problematic:

• differences in sizes of members' companies;
• differences in the amount of experiences as an entrepreneur;
• inclusion of consultants in an entrepreneurial peer group (just because they are also "owners" of service businesses; and
• differences in business areas.

First, let us consider the differences in sizes of member companies. A member who has a company of more than one hundred employees is quite likely to find it difficult to relate his or her problems to those whose companies have few employees. The two, in this case, are not peers.

Second, perhaps related to the issue of sizes, differences in perceived proficiency as entrepreneurs may preclude the formation of a peer group. This comment is commonly heard among seasoned entrepreneurs in manufacturing businesses:

"The first thing [to make the Dialog discussion effective] is that actually the individuals in it are comfortable to each other. I think to be comfortable, they all have to be at the same professional level of confidence. [If they are not at the same level, as a senior in my group] I felt like teaching a class, which I don't wanna do [in the Dialog]. ... I want true peers. That's what I want. ... If you have people at the same professional level, seasoning, confidence, or whatever you wanna call that, composition of the group, and you have got the moderator that makes sure that everybody shares the discussion, then it works." [Interview with a Dialog member on 1/13/87].

Third, as discussed later, service providers, especially consultants, can be according to participants, a problematic element in a Dialog Group. Some of them may see its sessions as a marketing tool (to find clients through networking) and almost all of them simply believe in their expertise. If somebody in the group says that "I am an expert on the problem you are wrestling with, and you may be a client," the objective of a peer group is no longer achieved according to Dialog interviewees. This also is against the original mission of the Dialog. A Dialog rule prohibits members to solicit businesses inside the group. More importantly, peer groups are seen to work best for problems professionals cannot solve, nor care about, as the next quotes suggest:

"It was a tricky situation that the host had an employee that she wanted very much to get rid of, and there's no way she could do it. ...It's not something you can go and talk to your lawyers about. There's no really professional service. It [the Dialog] is like a real problem solver on the other hand. All of your business peers get together and say, 'Why don't you do this?' " [Interview with a Dialog member on 1/8/87].

"Taking a problem to the college professor or to the Sloan School, everybody has got textbook answers, but nobody went through fire. And it's nice to talk to the guy who has been there." [Interview with a Dialog member on 1/13/87].

> "There is, at least, one who is very quick to answer any question. You know, vis-a-vis professors, we all do respect professors. But in the [peer] group, we don't. And that person dominates." [Interview with a Dialog member on 1/12/87].

> "Consultants, once hired, rarely say, "No, no, no, you are wrong, and you are idiot," whereas peers can. You don't get yesman [in a peer group]. Consultants also know what you want to hear. This is one of the reasons why a one-man (or one-woman) consultant, even if he or she is CEO of consulting business, cannot normally perceived to be a peer." [Interview with a Dialog member on 3/3/87].

"The Dialog approach is one of the soundest", said the first Dialog chairperson in an early SBANE newsletter, "this kind of general interchange of problems and problems-solving is a lot more meaningful than sitting and listening to an intellectual treatment by so-called experts" (*New England Business*, August 1971, p.3).

The fourth factor that makes a native definition of peers problematic is the recognized differences in business areas. The areas can be diverse in a single group, and there may be some critical difference in attitudes and orientations that might jeopardize the feeling of commonalty attached to a peer group. There seem to be two opinions conceived by Dialog members about how to define peers in this respect. The majority of interviewees believe that small business people, if they are, in fact, responsible for running the business, are peers regardless of the business areas. As illustrative remarks on this point:

> "Everybody has different businesses in SBANE [compared to trade associations]. And those differences are not very important, because there are a lot of common problems that

> people in different businesses have." [Interview with a Dialog member on 12/13/86].
>
> "We all have the same business problems. You just simply have more zeros [more digits in sales volume, for instance]." [Interview with a Dialog member on 1/13/87].

On the other hand, there are some members who think that they learn more from the people in the same or similar business areas.

> "I think if you are too diverse, you wouldn't have common thing to discuss. So, I think the homogeneity allows common grounds come very naturally. We have enough diversity with nature of our services. ... I think it [homogeneity] is a good thing." [Interview with a Dialog member on 2/5/87].

The person quoted above belongs to the Dialog group comprised exclusively of service providers. There was another experimental group of all manufacturer members in 1986-87 year. The all-manufacturer group was proposed by a group coordinator who strictly defined "peers." Peers to him were "presidents" of "manufacturing businesses" with similar level of "seasoning." SBANE's comment on this group is that "manufacturing people have a whole set of special problems, and addressing these problems among their peers should be quite helpful." (The *SBANE Enterprise*, Vol.4, No.10, November, 1986).[15] In the past,

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[15]. The comments I have heard on the all-manufacturer group are slightly different from the description in the article. SBANE staff members seemed to believe that the experiment was rather a compromise to have this group coordinator remain in the Dialog. The person who championed the all-manufacturer group said that he was "drafted" to assume the responsibility of group coordinator in exchange for signing up for the group specially made for his preference. In other words, he said to the SBANE's Dialog headquarters: "Unless I am not in an all-manufacturer group, I will quit."

they also tried an all-family business group. It was not successful. The SBANE's attempts, however, indicate that the Dialog Program is based on belief in commonality such as all CEOs, all manufacturers, all service providers, or all in family business.

Given the importance put on the notion of "peers," it is rather natural for SBANE to ask Dialog members to write to other SBANE members using the letterhead of their own company rather than using SBANE's when promoting Dialog activities. The use of members' letterhead may help reduce the turnover rate, because the members look for "personal" relationship. The turnover is estimated to be around 30 percent, each year.

The question of the extent to which members could be productively similar in a peer group is very subtle; it is basically the question of balance, as most of interviews agree. The tension between preference for commonality and benefit from diversity is subtle but apparent:

> "I prefer diversity, where, again, there are the common things that we have talked about commitment to the business." [Interview with a Dialog member on 1/13/87].

> "It's diverse in a way, ... but still close enough to get the similarity so that it works." [Interview with a Dialog member on 12/22/86].

> "[If the group is homogeneous], you are all looking at the same problems, saying the same problems, saying the same thing, frustrated by the same frustration, and so on. But you kind of fall into the trap of just agreeing with each other." [Interview with a Dialog member on 2/6/87].

> "[In response to my question raised to a person in an all-service-provider group about whether he is also in service

business or not] Yes, I'm in the service business, too [laughter, sarcastically]. And still I would like to have a greater diversity." [Interview with a Dialog member on 2/5/87].

In summary, the formal objective of the Dialog program is experience sharing and collective problem solving through a peer group. As such, the native's definition of who are real peers is crucial but there is no general agreement as to the definition.[16]

Procedures and Operation for the Dialog Activities

Because of the confidential nature of Dialog , it is difficult to describe my own observation of Dialog groups, without jeopardizing confidentiality norm. There is, however, a document (written by an insider) in the public domain that describe its basic skeleton of how it works. Interviews attest to the fairness and accuracy of the following:

> We sat down at 6:45 [pm], eleven of us, in the secretarial area. We were munching roast beef sandwiches and potato salad from the deli-buffet spread out on a desk. The snap-hiss of opening beer and soft drink cans punctuated the casual conversation. The atmosphere was relaxed and informal. As a group, we were comfortable together, having met three times before at other members' offices. This meeting was at the office/factory of one of the manufacturers among us.

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[16]. What constitutes a "peer group" is a phenomenological question. A peer group is comprised of those whom insiders regard as peers. It is a social construction.

The group was almost a cross-section of New England small business. There were the owners of three manufacturing companies (two in electronics) and two service companies. There were also two consultants, a publisher, and the spouses of three members with family businesses. A manufacturer and another spouse had been unable to come. Outside it was snowing lightly and the roads were slippery, yet eleven out of thirteen members had shown up. It was amazing what loyalty these meetings produced, with their mixture of friendship and self-interest.

We had just finished touring our host's factory -- a rabbit-warren of assembly, test, inventory, repair, and office spaces occupied by this eight hundred thousand dollar business. We saw a combination of open studs, turkey-wire, plywood workbenches, untapped sheetrock, and low-cost paneling. Even our chairs were a mix of styles and ages.

Not very elegant, I thought, but it all works. It serves its purpose and keeps the cost down. Most of us are doing the same thing in our own companies.

As we settled down, and a plate of cookies was making its way around the room, our host for the evening showed us a prototype: "We have this new product in the works and not enough money to advertise it well. How can we sell? What does the answer imply for our capitalization?" He demonstrated it for us.

One group member commented that advertising seemed inappropriate for this OEM product. Another felt it could also be sold through distributors. Several group members wanted to know more about the product and where it might be used. Others raised questions about current capitalization, pricing, margins, and profit. A member pointed out the mismatch between the company's present reps and the new product's markets. Another inquired what had been done to reduce product liability risks. Someone else asked about industrial design and the crude look of the prototype.

After two hours of discussion, the host was excited. His Dialog teammates had come through for him just the way he had for them. There was an unexpected consensus in the group, and a plan was beginning to take shape in his mind. He was going to need more money, about \$ 200K apparently.

One of the members asked about the inventory requirements. Competition made product cost important, which required buying many of its components in volume. $ 50K was added to the capital needs estimate.

The most financially-oriented member pointed out that $250K was too small for venture capital firms these days, and too large for a bank, considering the collateral on hand. Someone suggested funding by private investors, and named a funding consultant.

Two other issues were discussed in the same manner that evening: how to fire an important but difficult employee, and how to negotiate better terms into the company's lease.

The meeting started at 6 p.m. and we lost all track of time until someone looked at his watch around 10 p.m. We actually broke up at 10:30. Time had been unimportant; we had been exploring issues for each other for over four hours and it was getting late, yet no one expressed fatigue. The discussion even continued between the host and two members as he walked with them to the parking lot.

The next host and meeting date was agreed before we broke up. We should have a strong turnout for that meeting, too. I know I'm going to be there. Wouldn't miss it for the world. [The case described by a Dialog member to be inserted in the Dialog brochure].[17]

The Format: Caring About Host and Guests

Once the group is "properly" created[18], its operation is simple, self-contained (that is, fairly independent of the SBANE Dialog headquarter), and very closed to outside (that is, little or no interaction between groups). In the group, continued attendance and time commitment are regarded as a true evidence of membership. The group atmosphere generally is characterized as informal. The things

[17]. This insert may provide a somewhat "idealized" description. It was used for increasing Dialog membership.

[18]. As noted earlier, a "proper" group configuration does not include competitors, customers, potential customers, and suppliers.

discussed in the meeting should remain confidential. Because of a principle on group configuration, one would not see stakeholders to one's business in any Dialog group.

As the above case shows, the format, if most simply stated, is as follows. At the end of each session, who will be the next host is decided. Ideally, at the very beginning of a Dialog year, the schedule throughout the year is planned. In that case, who's next is just announced at the end of the session. Prior to the meeting, the host should write a letter that described his or her agenda and include the problems to be discussed. A typical letter illustrates:

> Dear Bill:
>
> [Following the description of the schedule and location of the meeting and company information, the problems are described]. BIO company was formed in 1979 as an independent operating subsidiary of a twenty-year old contract R & D firm. The company went public in 1984 and has grown to approximately forty-five employees. The staff has a very heavy scientific orientation and most of them are degreed with a disproportionate number of Ph.D's.
>
> Since 1984, the Company has invested heavily in R & D and as result, has lost money each year of its existence. At least another year of such investments is projected as being necessary in order to bring the company's first product to commercial market sometime during 1989.
>
> As a "make and sell" person, it is very frustrating to live with red ink. The temptations are great to initiate steps that can create a break-even for the Company; obviously, such steps would delay our entrance into the market.
>
> The BIOXX markets which we serve are dynamic, and it is not unusual for products to enjoy sales of 40, 50, or 100 million dollars per year. The rewards for success are huge,

but the investments are large. What would you propose?
[Some concluding sentences]

Sincerely yours,

Fred Johnson.

[A letter from 1986-87 Dialog; years are changed and names are pseudonyms].

The host of the evening, in addition to mailing this kind of personal letter in advance, must call each member in person to see whether he or she can attend. Asking a secretary to do this phone call is regarded as the lack of serious commitment and interest to the group. The session is normally held at the host's company.[19] An SBANE document provides some background information on why an on-site meeting is valuable.

> We have been asked from time to time to comment on the importance of on-site meetings. SBANE believes that on-site meeting locations are one of the major elements which distinguish this program.
>
> If a business executive knows about the environment in which another business executive is working, he (or she) will be much better able to make practical contributions. It's extremely helpful to know, for instance, if the company's headquarters are spacious and luxurious, or crowded and dusty; if the place reeks of chemicals, if it has soft music piped throughout; if every aisle is stacked high with cartoons; or if the CEO is protected by a maze of outer offices, or is relatively vulnerable to salespeople and others from "off the street."
>
> [An internal document for 1983 Dialog, n.d.].

19. A room at the SBANE headquarter may be used, but its use is regarded as exceptional.

At the site, after welcoming members, the host (the "king" or the "queen" for the evening) gives a plant tour[20] and some of the other partners, managers or key employees may be introduced. The host provides foods; but it should be just a simple, light meal, served with drinks. Hard liquors are not recommended[21] -- soft drinks, and wine or beer are fine. A chat over a light supper functions as a warm-up. Then, surrounding the host, the group discusses the topics, already specified in the notice letter. In the beginning, normally the host makes additional remarks to provide greater details on his or her problems. After that, the discussion is very informal and free. In the case of the BIO Company above, a real issue is the problem of a frustrated, marketing-and-sales-savvy president surrounded by "techy" staffs who are thought not to care about getting products out of the lab. Ideally, everyone participates in the discussion. If someone tends to dominate a session, either a group coordinator (to be described later) or the host must prevent it.

The intention is for a session to be held at each member's company until everyone hosts his or her meeting. In the formative period in early 1970s, there were ten members in each group and the group gathered ten times during a year, as was exactly described ,. With a rapid expansion in the last few years, some groups had as many as fifteen members. As a result, there were some members who did not

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20. When service people are the host, this option is omitted or they just show their office),

21. There used to be a time when hard liquors were served in the Dialog sessions. Now they are banned, because there were some occasions in which some who were drunk made extraordinarily harsh criticism of the way a host ran his company.

host. Ideally, a group is disbanded only after everyone becomes host once.

As touched on earlier, in the minds of the inventor-founder of the program, "simplicity" and "informality" is the heart of the format. "Simple things last. Just don't complicate it."

> "It's amazing how it tends to work. ... Any fool can do it. You walk in. You don't even need the whole lotta business experiencês. When someone explains his business, if you don't understand it, that usually means something. And if somebody is inconsistent, that means something." [Interview with an SBANE staff on 11/17/86].

The Dialog committee urges Dialog members to write stories of their group, partly because the stories give other Dialog members, at least, a sense of what are discussed in other groups, and partly because the stories can be used for increasing membership. Some SBANE members who do not know the Dialog, as the Director in Educational Services has remarked,"may picture the boardroom with a bunch of staff men in business suit instead of picturing guys eating pizza in a non-fancy office with used furniture we want them to see the informality." [Interview on 11/17/86]. There are numerous comments on the importance of informality:

> "The big factor is just informality. If people can relax, this is one. Another one is respect, because with that informality, you need to respect the other people in your group, because if you don't care about their opinions then it's gonna be a drag." [Interview with a Dialog member on 12/18/86].

> "[In response to my question on group characteristics] Certainly, it is friendly, informal; and there are no big egos. ... Open, frank, just a typical group of businessmen who have

> sought a common interest." [Interview with a Dialog member on 12/3/86].
>
> "Very often, it [the Dialog] is very frank, and very brutal sometimes." [Interview with a Dialog member on 2/6/87].
>
> "[In comparing the Dialog with the Forum] I think the MIT Enterprise Forum is more educational. The Executive Dialog is much more intimate attempt unlike the MIT Enterprise Forum, where you have a brief exposure. In and out within the Executive Dialog, you have a continuing relationship. When I made twelve phone calls [for my own session] on Friday, I was able to share a particular word or two with each member. ... Eventually, we are going to a point of intimacy -- we are going to be so comfortable with each other that we open up the most intimate thoughts, and if somebody violate it, that would be a problem." [Interview with a Dialog member who is also an occasional participant of the Forum on 1/12/87].

As suggested by the last remark, informality and intimacy require the norms of confidentiality and trust. This was one of the original ideas for the program back in 1969. Confidentiality is part of the ground rules of the Dialog program. Overall, these characteristics shed light on the self-contained, closed nature of Dialog.

Once initiated, each Dialog group is almost self-sustaining; and members perceive "very little inputs from SBANE headquarter."[Interview with a Dialog member on 1/15/87]. In accordance with this perception, a Director of SBANE has mentioned that:

> "They [Dialog groups] are kind of on their own. They are acting very independently. I let them develop their own personality of the group. They do establish different sort of tailored ground rules. Each group can exist kind of autonomously." [Interview with SBANE staff on 3/2/87].

The potential problem of being self-contained is that there is little intergroup learning. Most group coordinators[22] feel no need to communicate with SBANE headquarters (except for sending back a brief feedback form) and no need to communicate with other groups. Between groups, there is almost no information exchange.

The working of each group hinges on the continued attendance of as many members as possible. One members, who is in an executive search business, complained that there were just a few attendants when he hosted. In the Dialog, once a person signs up for a specific year, he or she is expected to participate in all of the sessions. Only emergences can justify absences. Also, since, in principle, every member becomes a host (unless the group is too large for this to happen), continued attendance indicates a sense of mutual respect, time commitment, and loyalty to the group.[23] Because of the continuous nature of the group within a Dialog year, those who express their desire to be in the program after Dialog groups are begun, are turned down for that year; but they are encouraged to apply for the next year's Dialog.[24]

The following are some of the typical remarks of members on the time commitment:

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22. The role of a group coordinator will be discussed later.

23. As described later in the section of other activities related to Dialog, for the very reason of heavy time commitment, the SBANE Roundtable, a new addition to SBANE activities, was developed for both those who could not make that time commitment and those who are willing to invest their time, but obliged to miss one year because late application is not accepted in the case of the Executive Dialog. The Roundtable is designed as a more "temporary" peer group.

24. The program, however, is flexible enough to accommodate one or two "latecomers" if appropriate (for instance, in the case where a few drop off after the initial sessions).

"[In emphasizing the intrinsic value of "process" per se of the Dialog activities] ... the decision to participate in the Dialog program for a lot of business people is the question of *return of their time*, what reward do they get from the time they invest. It's not the financial thing; it's not return on money investment. It's a *return on time investment*." [Interview with a Dialog member on 1/14/87].

"[In commenting on the fact that only less than ten percent of the SBANE population participate in the Dialog] That's interesting, but *certainly it does take time*." [Interview with a Dialog member on 1/12/87].

"For one thing, in the Dialog, you have to make *commitment* to go all year; [all of] nine meetings [it can be more depending on the size of the group]. That's more of a *commitment* that some people are gonna make." [Interview with a Dialog member on 12/18/86].

The average attendance rate of Dialog sessions is estimated by SBANE's Dialog headquarters to be around 85 percent. At the same time, for some entrepreneurs, time is the most valuable resources. "My business is growing very fast and I found little time to devote to SBANE," remarked a manufacturing member, "... it [the Dialog] was of no use to me unless I spent more time on it." [The 1985 SBANE membership survey conducted by an outside marketing agency].

Since attendance is a must, the Dialog committee sometimes has to turn down applications because of some factors that might cause attrition. Location can be one of these factors, as a letter below shows:

While some programs can be saved by extra promotion, fanfare and the like, such efforts have generally proved counterproductive with the Executive Dialog. Because this program requires an *individual's motivation over an*

> *extended period of time*, the initiative can't be externally imposed. No one wants to participate in a group when long distances are involved, or when only two or three people can be counted on to attend. [A letter from the SBANE to a person who made referral about the program, dated December 15, 1977, emphasis added].

At first glance, some of the rules and procedures that regulate the Dialog groups seem just for convenience. Location is one such example. It is convenient for participants to be allocated to a group whose members are in a reasonable vicinity[25]. On a deeper level, value attached to a continued meeting attendance is a primary concern of the Dialog; most Dialog procedures are centered around how to maintain continued interest for a year in a group. For instance, according to a 1983 document:

> Sometimes companies stage special events [such as delivering a complimentary ticket for car washing when the host is in that business]. ... *Special events like these play an important role in assuring good meeting attendance, while giving participants insights into the enterprise.* ... To promote strong, continued meeting attendance, it's probably a good idea to make sure each person has an opportunity to speak. ... [by] tactically curbing a dominating speaker, or drawing out a reticent member. ... If any single problem can be said to have nagged the SBANE Executive Dialog program, it's meeting attendance. [A hand-out at the first on-site meeting in 1983; emphasis in the original].

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25. What is perceived as convenient are the companies inside Route 128; but if they are located within Route 495, still it will be workable, provided that they can find ten other companies in the same area. There is a group in New Hampshire.(that includes members from the northern part of Massachusetts) and another is Rhode Island that is exclusively comprise of the Rhode Island companies because they have a "critical mass."

There are both positive and negative views toward continuity of a group. The format is based on two basic assumptions: the same members must be preserved throughout the year (continuity) ; and the group should be (and all are) disbanded at the end of the year (discontinuity). Positive views on longer continuity contend that continuity is good, because it "gives you a sense of history." There are some members who seemed a little upset to find just only one or a few persons in the present group whom they have known before. They all notice group development over time. At the beginning, there's a certain caution; and, later in the year, members can be more frank and less defensive.

Some groups in which members believed to have a sense of "sincerity and honesty" that they could not find elsewhere.expressed their desire to continue their groups. The following are the written documents on this point:

> To: All executive Dialog "Tangerine Team" members
> From: Jim Robinson, Media Corporation[26]
> Subject: Shall we continue.
>
> ... Now we must decide whether to continue. ... I,for one, would like to see that happen. We have not been able to accommodate all volunteers ..., and we have not mined the possible subject matter completely, by any means. Besides, it's been fun.
> [A letter written by a Dialog member sent to his group members dated June 21, 1983]

> To: Executive Dialog Committee
> From: Rubicon, Inc., Chairman

26. Years are changed and all names are disguised.

Subject: Committee Meeting on Tuesday, April 3, 1984

> The following were items of general discussion with regard to the Executive Dialog process during 1983/84 year. [Among several items included, there is one on the continuity]
> - Betty Harrison proposed that the Executive Dialog Committee assume an active posture in presenting to the 1983/84 participants the option of choosing to remain part of the same Dialog Group for the 1984/85 Dialog year. All agreed on the desirability of doing this. The program, to achieve maximum success, must contemplate the fact that the participants will have a variety of motives or objectives for their participation -- some may be looking for a semi-permanent advisory group, some may be seeking a couple of business peer friendships and some may be in it for just intellectual gymnastics. [A letter written by a Dialog member to SBANE headquarter, n.d.].

In reality, however, the ban on continuing one year to another is strictly observed. Yet, what prevents groups from continuing on their own. Seemingly, the norm is just a norm. Yet, Dialog policy stating that staying in one group longer than a year is less productive than changing groups is powerful. One of the members of the group who proposed to continue to the next Dialog year has recalled his trouble as follows:

> "Last year, we were, as a group, very unhappy about being dissolved. Somebody even raised the issue about whether we should ask as a whole group can be continued. I think some carryover of the people who know each other is healthy, because I think it will break down the initial barriers more quickly." [Interview with a Dialog member on 12/8/86].[27]

[27]. It is worth noting that this remark which may sound a little like an adult asking for permission from "parents" (i.e., SBANE Dialog headquarters) was made by a seasoned consultant who had been in Dialog Groups three times.

Earlier, I described the self-contained nature of each Dialog group. Given that nature, once deciding to continue, a group would seem to be able to continue on its own regardless of SBANE policy. Interestingly, this is not the case. For instance, another member of the above group said, "Why can't we continue? Ignore SBANE [Laughter]." [Field observation record of a Dialog session in December of 1986]. Dialog groups are separate islands, but inside a sea of SBANE population. Away from SBANE, the groups somewhat "mysteriously" seems to lose its momentum.[28] There are no "break-away" groups.

There is also support of SBANE policy. Many comments were heard about the problems of longer continuity:

> "If people don't change, they've got the same problem year after year." [Interview with a Dialog member on 1/8/87].
>
> "I think it's fresher, if you have a newer group. ... And broadening the contacts. I should say it's the most important thing." [Interview with a Dialog member on 1/12/86].
>
> "Next year, I might decide not to begin it [the Dialog]. Well, I hear the same things. Maybe, I need a new group. Maybe, I need to have some fresh faces. Or that type of things. Or maybe, the same things come up all the time." [Interview with a Dialog member on 2/6/87].

One person used the metaphor of taking the same "algebra" courses over and over again, while wanting different courses or

28. This may be related to a legitimatizing power of the association with SBANE to make a group like the Dialog mysterious enough to discourage efforts to create one's own tailored group that lasts forever without any help from SBANE.

advanced ones, and he added, "You always need people." A geographical handicap precludes a normal reshuffling of members in his group.

As described earlier, the idea of disbanding after everyone had hosted the group was in the mind of the inventor of the program at the time of its founding. She emphasized the necessity to "keep it exciting" on the grounds "you can expand the people you know to be able to have this relationship with a lot of business people." [Interview with an ex-Dialog member on 1/16/87].

In summary, Dialog format is intended to insure each group is an informal, self-contained peer group. It should last long enough to build up strong relationships, but must be dissolved at the end of the year that new groups can be formed. Members respect this rule although there is some discontent. Apparently, Dialog produces a certain cultural milieu strong enough to prevent deviance.

Operations and Organizations

(1) Allocating entrepreneurs to separate peer groups Since the inception of the program, the composition of Dialog group members has been conceived of as the key in creating groups which think of themselves as peer groups. At the same time, a group should be designed in ways that produce high attendance rates.

The process of allocating applicants into "appropriate groups" begins early in the Dialog year. This, in addition to the "kick-off dinner," is one of the few places where SBANE intervene in the process.

The Director in Educational Services at SBANE is responsible for membership allocation. Items in the Dialog Enrollment Form include title, the number of employees, location of businesses and residence, and description of business. There are two explicit (written) criteria in the Dialog brochure. One, discussed earlier, is geographical location. The other is not allocating members from the same field of business in the same group. Competitors are assigned to separate groups. Even with the norm of confidentiality, it is felt by SBANE staff that members could not address detailed issues on products, production, and targeted markets in a group with his or her competitor.

There are at least four implicit rules (not a written code) for group formation. The first is to avoid having in the same group persons with (or with potential) customer-supplier ties. Similarly to the no-competitor principle, this is thought necessary to allow members to express "real problems." Presence of stakeholders might create a defensive pressure, which could be detrimental to candid discussion. Large size differences among companies is also avoided, because, according to members who run smaller (in some cases, one-man or one-woman) business operation, it is difficult for members with different sized companies to relate to each other's problems. Finally, a balance between manufacturers and service providers is sought, unless the group is a "special" one (such as the all-manufacturing CEO group, as described earlier).[29]

There are some Dialog members who have their own informal peer friends; but the Dialog is necessary to systematically bring in new faces. As one Dialog member remarked; "It would not be easy, mostly

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29. The informants who gave me these rules include an SBANE staff member who is in charge of allocating members to the Dialog groups and a few other Dialog members who help her do this task.

because the situation [of a typical small business] leads to the isolation of the CEO brought on by the fact that the guy does not know that many people to invite." [Interview on 1/13/87].

If the area lacks a critical mass of SBANE members, as is true for western Massachusetts and Rhode Island chapters, there will be a time when eventually they will say that "We all know each other already." In other words, the same faces are seen over and over again.[30] In the Greater Boston area, however, each year a completely new group usually can be generated with a minimum "carry-over" or duplications from the previous year's group[31] .

Long-time members, equipped with their knowledge about how the program works, tend to have a greater say about, or at least, show preferences for the kind of group they would like to be in. Newcomers assume that they cannot do anything about their assignment to a particular group. Hence, some of the veteran members revealed to other members their preference for somebody they already know over new faces. A person who has been in the program for three years, assuming that she becomes a group coordinator, explicitly asks SBANE headquarters, "Give me a 'lively bunch'," when the headquarters divides people up into groups. Another who has experienced five different Dialog groups makes clear what he would prefer in terms of his group configuration. He has mentioned that "[the Dialog committee] was fairly responsive to me." But I don't think everyone could say that"

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30. This, interestingly, is parallel to the New York Venture Clinic, a predecessor to the Forum.

31. If the number of carry-over members is "minimum," the duplication of some members are regarded (by SBANE staffs and Dialog members) as preferable to preserve a sense of continuity.

[Interview on 12/8/86]. Newcomers, however, are not categorically unhappy about their lack of voice. Some of them enjoy their lack of influence over group configuration, as a newcomer noted:

> "I like the idea of my not knowing who is going to be in my group. ... I would be against my being able to say "I want to be with you or with Mr. A, B, or C. I think that SBANE has been successful in mixing it up. I'm sure they have done it intentionally so that you don't have necessarily friends. It is different from what is the value of hearing from you who I hear from everyday of the week, because you are my friend. You bring a prejudice, rather hear the unprejudiced point of views." [Interview with a Dialog member on 1/12/87].

When allocated into groups, Dialog members first meet their group in the Annual Meeting, more commonly known as the "kick-off dinner" meeting. The brochure describes this occasion as follows:

> Place and date: At Alpha Hotel on 8/29/85
> 6:00 Cocktail
> 7:00 Dinner
>
> The Annual Meeting of the Dialog Program is unlike all subsequent sessions in that it is the only time all Dialog participants gather together. While this is a working session, setting the stage of all future meetings, the dinner also furnishes an opportunity to sample the diversity of small business CEOs involved.
>
> All Dialog members will have been assigned a group prior to this first session, and a coordinator named. You will be seated with other members of your group and will have a chance to get most of the organizational details out of the way, such as the date, time and host for the first on-site meetings.
>
> [A brochure of Executive Dialog Program].

This dinner also serves as an opportunity to fine-tune member composition according to the criteria described above. For example, if a member finds himself or herself in a group which includes his or her potential competitor, one of them is reallocated to a different group. The initiative for reallocation resides in members, though the initial (tentative) allocation is done by SBANE's Dialog headquarters.

Because of blurring lines of demarcation between ostensibly different business areas, sometimes even a knowledgeable person never knows who competes with whom. Therefore, this kind of fine-tuning carries over to the initial sessions as well. At least two out twenty Dialog members whom I asked about this matter, reported occasions where they met stakeholders in a kick-off dinner meeting.

In summary, the overall allocating process is summarized in Figure 5-2. The upshot of group formation for the Dialog is best epitomized by the remark "If you are making presentation, you have to think about who is listening'[32].

(2) Ground rules and group coordinators Let us, first, consider the official Dialog Ground Rules:

> 1. *Confidentiality* - all matters are to be held in the strictest confidence, unless otherwise specified by the appropriate member.
> 2. *Working session* - The purpose of the Dialog is to advise and consult with each other regarding business problems, not to sell your company's products or services to other members.

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32. This awareness makes the Dialog process so different from the Forum presentation

Figure 5-2
Allocation Process

Collecting Enrollment (Application) Forms (Cards)

Sorting Out Cards into Piles by General Geographical Areas

(If there are too many applicants in a few specific areas)
Dividing That Pile into Two or More

Checking Criteria and Rules
- No competitor
- No one in supplier or customer relations
- Ratio of service providers
- Consultants and professionals in different areas (if in a same group)

(If some groups are against a rule or two)
Rearranging Some of their Members

(If criteria and rules are checked to be OK)
Fine-tuning at the Kick-off Dinner

(If some members find competitors or customers in a tentative group at the kick-off dinner)
Further Rearranging Some of their Members

Starting Dialog Groups Separately (Quite Independently)

Natural Attrition (and some addition only for some groups at the beginning of the Dialog year)

Dissolving at the End of Year

Writing Letters from A Group Coordinator to Encourage Members to Sign Up for the Next Dialog Year

Filling and Sending out Enrollment Forms

3. *Timely Notice* - The host of a particular meeting should provide the members of the group with an agenda no later than ten days in advance of the meeting. The more thought that goes into the agenda, the more thoughts members will bring to the meeting! A member should notify the host as early as possible if he or she is unable to attend a particular meeting. Remember to include a map or directions.
4. *Timely Meetings* - Experience indicates that a once-a-month session produces the optimum result.
5. *Date Consistency* - Try to establish the "first Tuesday of the month," for example, as reserved for the Dialog group.
6. *Food* - Most meetings commence between 5:30 and 6:00 p.m. and run to 8:30 or 9:00 p.m. -- or later -- and accordingly, sandwiches and a beverage will be required. Gourmet meals are not necessary.
7. *Attendance Records* - Will be kept to measure the activity of each individual group.
8. *Name tags* - Use name tags at your Dialog meetings -- especially important at first two or three sessions.
9. *Telephone Follow-up* - Each host should personally make a reminder call on the morning of (or day before) the meeting. This helps turnout (as well as determining head count for food).
(An internal document circulated to all members of the Dialog, entitled Ground Rules for Members; also published in(the *SBANE Enterprise*, Vol 3, No.6, June 1986, p. 5)

In the1982 version, only the first three items were stated as ground rules. The next four items were put as "suggestions for members." The last two items, name tags and telephone follow-up were not in 1982 document. Some of them, most notably, a norm for confidentiality, obviously reflect the values of the Dialog. Others may sound trivial but they are crucial for the Dialog. As stated earlier, the underlying philosophy associated with these rules should not be overlooked. The rules try to encourage high and continued attendance in an informal, informative, and protected group of peers.[33]

Except for the early years when group coordinators rotated among members like hosts, SBANE assigns the group coordinator role to someone who has already been through the Dialog program. As the program expanded, inexperienced group coordinators became a necessity. Thus instruction needed to be provided as to how group coordinators were to act. The guidelines document is very detailed. The relevant documents for a group coordinator is in a handout called Executive Dialog Guidelines. Included in this document are the following guidelines:

- Executive Dialog Guidelines
    1. At the Kickoff Meeting (10 items[34])
    2. After the Kickoff Meeting (3 items)
    3. Prior to each Executive Dialog Meeting (6 items)
    4. During each Executive Dialog Meeting (1 item)
    5. After each Executive Dialog Meeting (3 items)
- Typical Meeting Format (10 items)
- Contents of Meetings: Sample Dialog Subjects (10 examples)
- Ground Rules for Members (9 items, as quoted above)
- SBANE Executive Dialog : The Role of the Coordinator (1 sheet)
- Coordinators' General Information (10 items, although not numbered)
- Dialog Members' General Information (7 items, although not numbered)
- Individual Introduction at Kick-off Dinner: "Prompt Sheet"

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33. Analytical comments are preserved in the ethnographic chapters. It should be noted, however, that these attributes of the Dialog ground rules have something to do with the sociology of secrets (cf., Simmel, 1950), as discussed later in analysis and discussions.

34. Each item refers to a specific caveat on operational tips, tactics, and techniques.

- 1986-87 SBANE Executive Dialog Annual Dinner Meeting: Agenda (that serves as a checklist,; 9 items)

The first instructions were prepared as supplementary information to an inquiry about the program from readers of the *Inc.* magazine. There was an article on the Dialog in 1981. Later, growth itself seemed to formalize the rule.

The reactions to these formalized rules are, at best, mixed. The rules include both the Dialog rules and coordinator guidelines. Consider the following comments:

> "[It is nothing, once the group gets started]. But it (a copy of ground rules) was very helpful for the first time that I ran, because it definitely set the tone." [Interview with a Dialog member on 1/15/87].

> "[Whether we have a rule or not] confidentiality is a way of life inside the Dialog." [Interview with a Dialog member on 1/8/87].[35]

> "[We have ground rules, but] we can do whatever we want." [Interview with a Dialog member on 1/13/87].

> "I think that the informal nature of the Dialog in general means that not too much thought has been placed on ground rules." [Interview with a Dialog member on 12/3/86].

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[35]. I have never come across anecdotes of breaches of confidentiality. There are two reactions I have got from my interviewees that might explain this. Some Dialog members assume that they would not make any confidential remarks in a group, because they believe that even with the ground rules for confidentiality what one says in a session will be circulated to others in one way or another. Other members assume, as is exemplified in this quote, that confidentiality is the most important rule of the Dialog. For this reason, the Dialog Group coordinator who made this remark in the text would not want to discuss cases presented in her group with me, even when I promised my respect for confidentiality as a field researcher.

There are some who feel positive about the rules and guidelines. For instance, one of the 1986-87 group coordinators was invited to join another group comprised of executives only. She turned down the opportunity because of the lack of the structure. Thus, she has compared the two and said: "What it didn't have is the structure of the ground rules, which I think is the Dialog's particular strength." [Interview with a Dialog member on 1/15/87].

As with most of the features of the Dialog, credit is given to the inventor-founder of the program. But neither rules/guidelines, group coordinators, or the kick-off dinner were her inventions. They were not needed that at that time. The program was small and largely self governing.

> "I've never invented it [the kick-off dinner]. We didn't need it, because no one was to be kicked off. The people joined and used it. We didn't have a [permanent coordinator]. Everybody who was the host was the coordinator next month." [Interview with an ex-Dialog member on 1/16/87].

A group coordinator is an administrative role. He or she acts as simply a moderator during sessions. If things run well, he or she needs to do very little ..It should be noted that the host is the "king of the night," as one member clearly put: "I think it's important that *the host being involved is kind of running the show* -- I say that in every sense of the word" [Interview with a Dialog member on 12/18/86]. "Bravery under the fire" is expected of hosts, not group coordinators (unless they run their own show when they host a session). A group coordinator, in this sense, just handles administrative duties such as scheduling and makes sure that the host takes the necessary steps to facilitate the meeting.

(3) Dialog committee For the most part, SBANE asks people who have been in Dialog Groups to be group coordinators. It also asks everyone who is a group coordinator to be a member of the Dialog committee, the governing committee of the Executive Dialog Program.

It is part of the overall SBANE policy to have each program managed by volunteers specifically interested in the program. The stated rationale is to have SBANE be a "membership-driven" organization.

The role of the Dialog committee lies in management by exception. As stated in a 1983 document, any unusual developments in the groups (good or bad) are to be reported to the SBANE Dialog headquarters either by a feedback card or a phone call. One of the responsibilities of the Dialog committee is to "review these [developments] to determine if any follow-up is required" [Interview with an SBANE staff on 11/17/86]. The items in a feedback form, also known as an attendance record, are comprised of meeting date, starting time, ending time, number in attendance, total number in the group, Dialog meeting evaluation (to check one of two boxes: good or fair), and coordinator's free comments (six lines is the total space for this purpose). Reviewing the comments sent back to the Dialog headquarters is said to be very important for group coordinators to learn other groups' experiences. For without this there would be almost no opportunity for the coordinators to learn what other groups are doing in terms of problem areas and attendances. Each group is on its own. The feedback form is the only vehicle to watch for common problems across different groups.[36]

The specific role of the Dialog committee chairperson, according to the earlier document, is to "be attending as many of the meetings as [he] can; and ... to attend at least one meetings of a particular group, at a minimum." [A letter from the 1977 Dialog chairman to Dialog members]. As time goes by and the program has grown, the number of appearances the chairperson can put in to each group has fallen. The peculiarity of the role of the Dialog Committee chairperson is not to belong to any single group, but to as many sessions as possible across different groups.

When attending the Dialog committee, I observed that each group coordinator seemed to be a stranger to others, unless they had met at an SBANE function other than the Dialog. This indicates the lack of communication between groups, and between a group and SBANE. My field notes go as follows:

> When I talked to John Pope, before all others had not arrived except for Pete Lee who was away from the room. Donna

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36. It is clearly important for the SBANE Dialog headquarters to keep track of Dialog Groups' activities. It may not be so easy for outsiders to understand why volunteers in the Dialog Committee have a motivation for monitoring all of the other groups. My own observation of the Dialog Committee suggest that group coordinators know that the committee is the only occasion where they can share experiences between different groups. As such, the exposure to these experiences is a motivator. Moreover, being on the Dialog committee itself is regarded as a reward a group coordinator gets in exchange for assuming its role responsibility.

Gould said to me, "I know my group is group #7, but I even don't' know how many groups are existent for this year."[37]

(4) Other activities of SBANE The foci of the comparative study are monthly case presentation meeting and the Dialog session of SBANE. But other activities that have evolved in the long history of SBANE. Below is the list of these activities.

- Live-in-seminar
- Half day and full day seminars
- New England Business Conference
- Business PM
- Roundtable
- Breakfast/chapter meetings
- Legislative activities
- Publications of the SBANE Enterprise
- Insurance

The 'live-in" seminar has a twenty five year history, already described as one of the predecessors of the Dialog. Therefore, it is just sufficient to note that the live-in seminar is expensive ($ 1,600) but unlike the Dialog is *open* to outsiders at a higher fee ($ 1,750).

SBANE also runs half-day and full-day seminars, two to four times per month. The topics covered range from marketing and sales, hiring, motivation and other human resource management issues, finance, to governance and board of directors. Seminars have a speaker on a topic

37. The names are pseudonyms.

either from the academic circle or from practitioners, and a panel of experts on the issue. The fee is less than $ 100 for a full day seminar and sometimes as low as $ 30. The seminars are *open* to nonmembers for an additional fee.

New England Business Conference, known as NEBC, began 1986 as the annual meeting. SBANE claims the 1987 three day NEBC to be the only business conference in New England of this size with more than fifty sessions. Conference chairperson for that year, interestingly, is a long-timer in the Executive Committee of the Forum. One of the events featured is a demonstration Forum session at NEBC site.

Roundtable is similar to the one-day and half-day seminars in that it has a specific topic to discuss; but it is different in that it does not invite "experts." The SBANE Roundtable series is the opportunity for those entrepreneurs who have some specific concerns to meet peers who have similar concerns. The use of a peer group is similar to the Dialog. But in terms of claimed time commitment, candidness, and seriousness, it is, at best, a "temporary" peer group. Examples of topics discussed are team-building, "staying close to customer", and other "hands-on issues" for small business owners and managers. Roundtable was introduced in 1986 to meet the need of people who could not invest as much time as required for the Dialog.

Insiders of SBANE characterize Business PM as an opportunity for "pure networking" in the sense of developing business with somebody else. It is basically like a cocktail party sponsored by a company that would like to sell services to small businesses. An insurance agency, for example, sponsors a Business PM meeting. The sponsor rents a room in an Hotel; and the interested SBANE members gather. It is quite informal like the Dialog, but is not designed as an opportunity to share problems. According to the brochure, "The Business P.M., sponsored by a member company, is an opportunity for members to meet each other, make new business contacts and exchange company literature" [A brochure of SBANE activities].

SBANE has a chapter meeting in various places in New England to discuss local issues. For instance, the New Hampshire chapter meeting was held, inviting somebody from New Hampshire State Planning Council. Breakfast is the preferred time for chapter meetings. Massachusetts Breakfast Club is one such example. The illustrative topics include "The Anatomy of a Distressed Company," "Hazardous Waste Close to Home," and "Liability in Massachusetts toward a Fairer System." Size of these meetings are normally no more than a hundred people.[38]

The legislative subset of SBANE activities was the basis, SBANE founding. The yearly activities in this area culminate in the SBANE Washington Presentation in May to Congress. For the legislative activities at the national level, SBANE holds ties with other similar associations in different parts of the country. The merge of NSB and SBU (for the latter, SBANE is the oldest member) creates a membership base that reaches fifty thousand, a "network of networks" for lobbying.

At local level, SBANE, owing to its long history and tradition, has been tied to other associations like the MIT Enterprise Forum as one of its sponsoring organizations and SBANE sometimes merges other

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[38]. The size of these meetings vary depending on the topic and the speaker. Since the number of participants is regarded as a success measure for each event, I could assume that insiders and other stakeholders tend to overestimate sizes.

embryonic organization like EMERGE, a Massachusetts-based association of smaller high tech businesses. EMERGE's function is to lobby at the state level. EMERGE now is transformed into Emerge Council of SBANE.

SBANE publishes not only its newsletter called *SBANE Enterprise*, but also a comprehensive membership directory. The latter is designed to be used as buyers' guide. The directory is "the two hundred page book that lists member companies alphabetically and by product or services. SBANE distributes the guide to over 1500 purchasing agents in New England" [A document called *Membership Guide*].

SBANE has legislative, educational, and insurance faces. The last one refers of groups rate insurance for sma businesses. The lower rate health insurance includes medical, dental, life and disability coverage.

Current Functions as Dialog Members See Them

Members of the Dialog: Their profile

SBANE currently has more than two thousand members. In order to become a member of the Dialog, one needs to be a member of SBANE. This gives us a clear boundary within which the Dialog membership is drawn. Dialog's turnover is estimated at thirty percent each year (per group on average). For SBANE, the turnover rate is said to be about twenty percent.[39] The turnover rate of Dialog members is higher than that of overall SBANE's, and the Dialog membership is increasing. Thus,

39. The former is a rough estimate by an SBANE staff member; and the latter is estimated by an outside marketing agency through the SBANE member/ex-member survey.

there is always "new blood" in the Dialog as well as in the total SBANE membership. There are more people who are entering in both groups than those rushing for exits. SBANE has a clear qualification of membership: chairman of the board, president, business owner, or whatever the title is, who is responsible for running the business. It provides a common thread among membership, unlike the MIT Enterprise Forum.

The overall profile of Dialog members is shown in Table 5-1. The table is based on the survey of present and past Dialog members (N=124). On average, the members are in their late forties; and one-fourth of them are females. They have spent, on the average, more than seventeen years in a small business ; and sixty percent of them have previous work experience of working for big businesses. A majority of the members started their own businesses; but there are some who acquired businesses started by others (16.2 %) and others who took over a family business (8.6 %). Acquisition by no means is an easy task. As one of the Dialog members succinctly said: "I bought the company, but it was smaller and I grew it" [Interview on 1/13/87]. Two of my interviewees acquired the companies started by MIT students and "abandoned" by them as the companies grew.

The average size of the company is less than four million dollars in terms of sales; and the average number of employees is thirty-three. Overall, Dialog members appear to be more experienced than the Forum participants; and there are fewer "startup" businesses. An insider of SBANE headquarter has explained that "Dialog is not for young startups -- I'd say rather for young companies, or simply small companies that

Table 5-1
Overall Profile of Participants of
the SBANE's Executive Dialog Program

Demographics	
Age	48.1 (9.3)
Gender (% males)	74.8 %
Years in Boston	16.3 (5.8)
Work Experiences	
Years in small business	17.5 (10.3)
Years in big business	6.0 (7.8)
% of those who have work experience in big business	60.5 %
Education	
Level (Median)	bachelor
Level (Mode)	bachelor
% of those who trained as engineers	26.7 %
Company Profile (Self-employed only)	
# of employees	32.5 (35.0)
Sales volume ($ K)	3737 (5396)
Relationship with the company	
Started	63.3%
Acquired	16.2%
Family business	8.6 %
Plan to start	0.9 %
Work for someone else	11.1 %
# of Companies Started	1.47 (1.33)
Area of Business	
Category (Median)	manufacturing
Category (Mode)	manufacturing
-Manufacturing	28.2 %
-R & D	4.0 %
-Distribution	8.1 %
-Service	25.8 %
-Financial	20.2 %
-Professionals	20.2 %
-Company employee	--
-MIT student, staff, prof.	--
% of those in high tech areas	11.1 %
% of those venture capitalists	0%
% of consultants	11.9 %
% of traditional professionals (lawyers and CPA's)	3.4 %
MIT Affiliation	
Alumni and students	NA
In a broad sense	NA

Note. 1. Numbers in the parentheses are standard deviations.
2. Ns range from 106 to 124 because of varying numbers of missing values in each item.
3. # of employees and sales volume are calculated only for self-employed respondents. Ns are 105 and 97 for the # of employees and sales, respectively.

are more stable than startups" [Interview with SBANE staff member on 11/1/7/86].

A more systematic empirical comparison between the Dialog and the Forum will be shown in Chapter VII. However, a few comments on the contrast are in order. Because of the membership qualification, members are less diverse in the Dialog than in the Forum. Most notably, the Dialog, in principle, does not allow company employees to be members (or students unless they have their own companies).[40] The business areas are diverse, running from car washes, restaurants, age-old machine tool job shops to more esoteric high tech companies. Two broad categories of business, however, appear to be dominant: manufacturers (28.2 %) and service providers (25.8 %). If service businesses are broadly defined to include distribution, banks and other financial service firms, and traditional professionals such as CPA and lawyers, they are the dominant force in the Dialog. Overall SBANE, manufacturing businesses make up of forty percent of its membership base [41]. This means that Dialog attracts a larger portion of the service people in the SBANE population than manufacturing.

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40. Company employees are, in principle, not allowed to be SBANE members. However, it is noted that twenty percent of the Dialog members are in this category. For instance, one of my Dialog interviewees clearly was a company employee. She had been taking care of "management" of the company as an MBA, because two of the founder-owners of the company, as she reported, were not good at managing people. An unshakable fact, despite the strict membership rule, is that employees can sneak in and that SBANE is flexible enough to allow it if the one who sneaks in is in a position functionally equivalent to the CEO of a company.

41. Estimated from the membership survey conducted by the outside marketing agency.

Let us consider "contents' of service businesses. Service business as a single category is far cry from the native category scheme. One such lay scheme is categorization of services into "blue collar service" and "white collar service." The former is believed to be closer to manufacturing. For example, printing is a service business; but it includes hands-on operations. The printing business is not a manufacturing company; but it is an "operating company" as a member, who is a manufacturer, put it. People in white collar service businesses, most notably consultants, are remote from the CEOs of operating companies. As such, consultants have been always problematic in terms of their identity of "entrepreneurs" or small business owners, even if they are CEOs of consulting firms. The following is a passage from an interview with a consultant in the Dialog:

> They [The Dialog Groups] must have a hundred and seventy five people[42] involved [one hundred and forty five is the exact number] this year. When they look at them, if they have got a hundred consultants and seventy five *bona fide entrepreneurs*, then I think you've got a problem. [Interview with a Dialog member on 1/12/87].

He contrasts consultants as a pure example of hands-off, a "white collar" service with all others, including both manufacturing and "blue collar" service. He refers to the latter as bona fide entrepreneurs.['blue" and "white' collar services are the native terms used by another Dialog interviewee on 3/3/87] Related to this, still another Dialog insider, who is a manufacturer, called such service businesses as restaurants and

42. He tried to show me the "exact" number as a committed Dialog member; but this number was inaccurate.

printing businesses as the "near-manufacturing service" industry. He could not relate to "a guy from a big investment company." Still another manufacturer, an old timer in the Dialog, when asked to compare five different groups he has experienced, distinguishes the best group by having at least fifty percent of "members who are managing other employees" [meaning that they were not "one-man-show" CEOs] and "strong operational component to their business" [meaning that they were manufacturers or blue collar services]. On the other hand, the least effective group had "too many service businesses who principally were working as consultants and what I call 'individual contributors'"[43] [Interview on 12/22/86]. This native classification of the Dialog entrepreneurs is depicted in a tree form in Figure 5-3.

Overall Benefits for Dialog Members

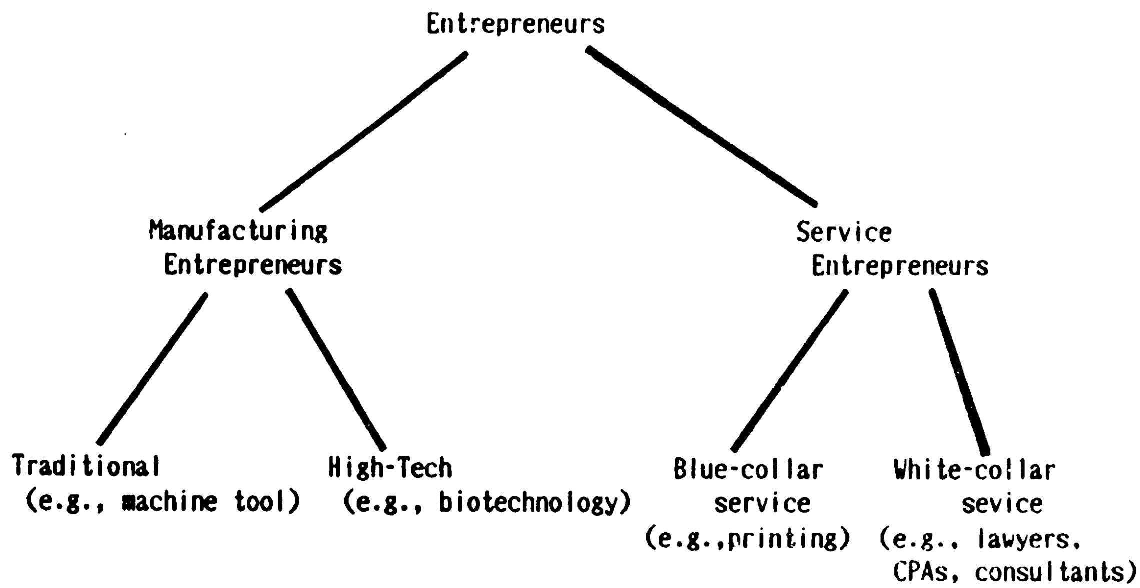
One way to delve into the benefits that Dialog members claim is to describe every subtle remark that is related to the central theme of "group therapy." Group therapy is to reduce the anxiety of the "nobody-to-talk-to syndrome." In so doing, the native notion of an entrepreneurial, problem-solving peer group will be elaborated.

The therapy metaphor comes first not only because it came as the early, formal statement about the Dialog but also because, even among current Dialog members, the metaphor is still alive. In August, 1971, the *New England Business* , the-the..-newsletter of SBANE featured an

[43]. Others use a term, "venture advisor" to refer to this.

Figure 5-3

Native Categorical Scheme of the Dialog Entrepreneurs



article, "SBANE's Executive Dialogue[44]: Group Therapy That Works." The article began pointing out that:

> If you're the head of a business firm, you know there's more than a grain of truth to the saying that being at the top is the loneliest spot in the world, whether it be the Presidency of the United States or the owner of a five-car taxi fleet.

Group therapy remains as a pervasive metaphor today. For instance, one member described a Dialog situation in which most of the members as a group were attacking the host of the day, because the atmosphere was "too relaxed due to hard liquor." He used the term. "rat-pack" to refer to that situation, commenting that it was a jargon in group therapy.[45] Reportedly, that was the reason why only light liquors like wine and beer are permitted in the meetings.

At the same time, others emphasize that this aspect should not be overemphasized because the group is also a "solid problem solving group," even when they refer to the similar concepts such as commiseration, emotions, and so forth. Therefore, care should be taken to capture the variety of uses of the group therapy there.

The subthemes under the group therapy metaphor, emerging from my interviews, are; "a big picture" one could not get without a

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44. The Dialog at its inception was spelled as "dialogue" as stated earlier.

45. "Rat-pack" was not a familiar term to me despite my exposure to terms used in group therapy. Rat-pack was defined as group dynamics to create a victim and point out all of the negative features of this person as a way of teaching all the others. It is not so important to see whether this is really used in a current clinical psychology textbook. More important is the fact that this Dialog insider, given his experiences as an instructor in a group therapy, picked up this term to characterize the Dialog atmosphere.

peer group; the opportunity where one can express even "weakness and anxieties"; "fear of expansion" that denote the mixed feeling toward growth"; "entrepreneurial loneliness and solitude" that some of them would hardly want to recognize; a reachable "role models" that one could find only in a peer group; and "business-social" complex. All these subthemes are discussed below.

(1) " The Big picture" Entrepreneurs and small business owners believe they have to take care of the small things necessary to keep the company running while still aspiring to see a "bigger picture." Technical details, for instance, unless they are related to a core of the business, should not be a central topic because "these guys are looking at where the fresh perspective is and they wanna understand the *big picture*, first" [Interview with a Dialog member on 12/18/86]. Below are the remarks related to this aspect of the therapeutic power of the Dialog group:

> "I take the [Dialog] evening to *think about the business in the bigger sense*. Usually in a small business, you are dealing with day to day problems. I mean, today for example, our Smith machine[46] is down, we have a big job that's due tomorrow morning at ten. I'm not taking the time to think about what is consistent with the growth of my company. Let's fill it with today's crisis. And so, the Dialog group *forces me to look at the big picture*." [Interview with a Dialog member on 12/18/86].

> "[After explaining the similarities and differences between the board of directors and the Dialog] You tend to lose the *big picture perspective* [without a constructive board]. By

46. The name of the equipment is disguised.

enforcing yourself to get involved in constructive outside activities, you get forced into an environment wherein to exchange ideas about people who are doing that kind of the things that you are doing, like your board. There are some of the pitfalls that you fall into when you don't have anything to compare with." [Interview with a Dialog member on 12/22/86].

"[His first experience of CEO of a small business made him learn] how *lonely* the chief executive officer of the small business can be. You really get to the point where you would like to have some feedback and some companionship, and some sense of dimensions that come from contacts outside the business. In small business, I think one of the great danger is that *you become so immersed in what's going on in your own little world, and you kind of lose track of a larger world.*" [Interview with a Dialog member on 3/3/87].[47]

The cure for the feeling of loneliness seems to be intertwined with the understanding of the big picture one could not draw without a "mirror" of peers. The Dialog group is such a mirror.

(2) Expression of Anxiety and Weakness There are many occasions where entrepreneurs believe that they should not reveal some of their problems, even if they think they do have such problems. Presentation in front of the people who are sources of money is one such example. A peer group, however, is different in that one can express one's worries, anxieties, and weaknesses.

Moreover, if the host just presents his or her strength without touching on any of his or her predicaments, there can be no dialogue at

[47]. This kind of function of the Dialog can be grasped as a substitute of the board of directors. It may be interesting to note again that the Forum is often referred to a "one night board" for a technology based small business.

a deeper level. The "don't-want-to-look-bad-in-front-of-others" attitude undermines the reason for a peer to gather, and, as such, leads to bad sessions. One of the group coordinators filled up the feedback form by jokingly commenting on such a bad session with the following. "Mr Freeman can't decide whether he wants to be rich and a little bit famous, or really famous and little bit rich." [Interview with a Dialog member on 12/18/86]. Weaknesses rather than strengths are a catalyst in the Dialog, as the following quotes from my interviews show:

> "Big business people would not have desperation. I think we, a lot of small business people, have *a lot of anxiety about our business; a lot of anxiety, a lot of pressures.* And just be able to talk to other people is nice. [In response to the question on what makes the Dialog group in particular a nice place] Trust, naivete, desperation on the need to talk to someone when you are all *alone* running the company." [Interview with a Dialog member on 12/3/86].

> "At one year, I had a man who was the coordinator, because he was so desperate himself. He wanted to make sure that he could have the first meeting. I am not saying that he was selfish. He was [in an urgent crisis situation]."[48] [Interview with a Dialog member on 1/12/87].

> "[If a host doesn't want look bad and is not willing to reveal any problems], it's gonna be probably not a very good session, because everyone has got his or her *weakness* and if the group members don't reveal some of those problems, that means they probably haven't really got to the *heart of the matter.*" [Interview with a Dialog member on 12/18/86].

[48]. He wanted to be a group coordinator so that he would be a first host to discuss his impending problem.

Sharing of problems is called "commiseration" by a member who suggests that whether a group can do this is to see if the group is a true peer group.[49] She has mentioned that:

> "It's difficult [for a small business owner] to find someone who is a business peer, who is safe to talk to, and who is interested. You are not gonna stop somebody in the street and say "I have problems." [Laughter] So, that's really a wonderful thing., even to have a certain amount of *commiseration* . It's good. ... [In response to being asked to elaborate how she means by commiseration] OK, I don't wanna sort of overstress that. But I guess what I'm trying to say is that there is something that's sort of human, and that feels good about being able to talk about your problems with people who understand your problems. In the same way, you can use the example of children. Two women who have new babies, they don't know each other, but they can talk to each other about what it's like to staying up all night. And they've still waken them.at night. But somehow they feel a little better about it, partly because of the phenomena that I explained before, that you know that's a natural part of what's going on. And you are not the only one. And that won't kill you." [Laughter]. [Interview with a Dialog member on 12/18/86].

For the host to be able to express his or her weakness and problems, there must be atmosphere in which having a problem or two is not a problem. The truthfulness and honesty on the part of peers is needed. After all, other peers also host one session (if the size of the group is not prohibitive).[50] Here is an illustrative description on how it

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49. In addition to the expression of weakness in front of others, the issue of commiseration is a part of the "secrecy" issue (cf., Simmel, 1950; Goffman, 1959; 1963b). The point will be elaborated in later discussions.

50. The exchange perspective, here, is a native one. Among the Forum members, native exchange theories are also prominent. However, what is exchanged is clearly different. In the Dialog, people exchange feelings in addition to

would be like to express weakness in front of peers, in a personal letter that fed back to the Dialog committee:

> Terry Lee, President of Gourmet, Co.
> April 1, 1984
>
> Dear Mary:
>
> IT WAS ALL SAID WITH LOVE
> Last night, I hosted the Executive Dialog Group at our commissary and office in Cambridge. We had a great turnout.
> I have a lot of feelings about what went on last night, I felt fried ... baked ... cooked ... grilled ... and a lot of other corny puns.[He is in catering business]. It was quite an experience, being the recipient of ninety concentrated minutes of constructive "reinforcing."
> It was, at times, very painful to have my friends or anybody else ask me very private questions about my operation that now showed, even a more painfully, my weakness. Yes, I felt very vulnerable. [A letter files at the SBANE Dialog headquarter; all of the names are pseudonym].[51]

This person felt that his strength was in operation; and the group unanimously pointed out his weakness lay in marketing. The evening, according to the feedback form, resulted in "shotgun idea generation." Another member commented on how tired she should be if she is frank

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information. At the Forum, by contrast, information and other resources are the things exchanged and feelings are kept in check. For a related formal sociological theory, see Clark (1987) on social exchange of sympathy.

51. A keen qualitative methodologist would argue that I must be aware that this letter as well as others may be presented to me as an analyst. It should be noted, however, that I spent a whole day at SBANE head office to review all of the relevant Dialog documents, and brought most of them to my MIT office for a weekend to read them through. If there is "fishing," the fishing is on my part.

in hosting the session, by saying that "A lot of people, and myself included, find that after the Dialog meeting it's very hard to sleep; there are too many things going on, sit down and write some notes, so some thinking about it" [Interview with a Dialog member on 12/18/86]. The upshot is that expression of problems provides an opportunity for a group problem solving.

(3) Insight on the fear of expansion One of the true problems, disguised in other forms, can be a fear of growth, even when hosts specify their problem as how to expand their business. Consultants may take the problem as it is framed by the hosts, because their role basically is to help the company grow. A peer group like the Dialog, however, could question the framing of the problem itself, in this case, by blatantly asking "do you really want to expand your business?" In the session I observed, although it was not on the agenda, the "fear of expansion" became an issue and the host remarked: "Expanding too fast is a problem. But *controlled expansion* is OK. We grew last year by 35 percent." [A field observation of the session where the host was in the personal computer retail business].

In the letter of notice for her session, a financial planner raised the question of franchisability of her business. The letter reveals her ambivalent feeling toward expansion:

Elizabeth Cole, Eta Financial Planner, Ltd.

Dear Mary:

....
....

> Also, I am concerned about medium and long-term growth. While remaining a "boutique" [meaning a "tailored" approach in small quantity], the firm should be expanding the number of services it provides.
>
> ....
>
> ....
>
> [Names are pseudonyms].

Oftentimes, the fear of growth, as addressed in the above letter, was proposed in a disguised way.

> "[Frequently hosts frame the problem as how to market our product or how to beef up the sales volume]. To me, that's not a problem that a group of my peers can solve. Instead, he'd rather go to experts in business than going to a peer group. However, from time to time, interestingly we have found that it is *not* really the problem. The problem is that entrepreneurs are afraid to grow and do not want to grow. ... I find that the group sincerely attempts to dissolve the question, but I have found as time evolves, that the group creates a new question. As an example, we were with one host. His concern was how he could expand his business, and we spent three hours, discussing why he did not want to expand his business. So, although the question started as how do I expand my business, it really was not the question; the question is 'why don't I want to expand my business.' I've found that to be one of the more interesting meetings, because the entire group got into the head of the individual, and I think that that individual was most appreciative; as a matter of fact, he kept nodding. He now had confirmation of something he suspected." [Interview with a Dialog member on 1/13/87].

Dialog members believe that peers can doubt much more radically than experts. Hence, the entrepreneurial group therapy of the Dialog sort can generate radical decision alternatives.[52]

(4) Loneliness The issues related to entrepreneurial loneliness have already been mentioned as the "no-one-to-talk-to" syndrome. Just a few additional views on loneliness will be presented here. First, it should be emphasized that not all of the participants who have addressed this issue have done so willingly. Some of them are reluctant to "announce" their feelings and emotions. Others qualify their expression of loneliness. Most try to find a different term to refer to the same sentiment. For instance, "entrepreneurial solitude is much better," one Dialog member says; and "being alone is quite different from feeling lonely, because one can choose to be alone but feeling of loneliness is an emotional thing." [Interview on 1/15/87].

It *is* more clearly an "emotional thing" for some who warn others of the supposed lack of emotional elements in management education. As one member has addressed:

> "[Having MBA], I might use everything that I learned. But it doesn't answer every question, especially the emotional ones. And I think that everybody in school really downplays the emotional side of running business, ... dealing with your power, dealing with delegation, dealing with management issue. There is no magic box that the answer is in. Still I get more out of the Dialog in terms of learning and in terms of sharing. Everyone else has the same issue, the

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52. This may reflect perhaps a larger trend regarding distrust of professional expertise, as is evidenced by the fact that works by Illich (1970; 1976) and others have been widely read.

same problem. ... [Being asked whether her awareness of the importance of emotional issues was related to her decision to join in the Dialog] Yes. I realized that I was isolated here, and started to suffer from the same thing that they [other Dialog members] suffer from. ... The best of the kind of answers is not so technical, because there would be more of a sense of confirmation than suspicion. That's what you need. It relates to loneliness, but it's not just loneliness. That's confirmation of concepts." [Interview with a Dialog member on 1/7/87].

This Dialog member feels that the emotional issues are quite critical in running a business. In her understanding, dealing with these emotional issues helps to confirm her ideas. She believes that "real problems" are seldom "technical issues." As such, emotions are more than just emotional, because they are inseparable features of problem solving.

Ostensibly, loneliness can be an indicator of weakness. As an insider pays attention to the subtlety of the term:

"That is a myth that the CEO, the entrepreneur goes alone. ... Even after you identify this problem of loneliness, you can't do much with it, because nobody wants to be visibly associated with it, because it makes you feel diminished. You know, the idea of being alone is a weakness. In fact in the world of small business, it's your own decision to be alone. But most of the society says that you are alone, because you are deficient in some way. Being lonely is something you don't want. Nobody wants to be lonely. Being alone is different from being lonely. But it's a problem. And so, when you wanna tell people how to break out of this isolation, you are still dealing with selling the negative. We did do a program the New England Business Conference on executive isolation." [Interview with a Dialog member on 3/3/87].

Of course, there are some members who claim that they are immune from loneliness, although typically admitting that it is understandable that others may have that kind of feeling. For instance, as a member noted:

> "I've been very fortunate, I guess, in my business career, to always have peers that could share things on equal basis [even before joining the Dialog]. ... I'm trying to picture myself in a situation where I would be alone without peers. I don't know, I can't visualize it. I never have thought about that. But I have seen that [happen to other Dialog members]." [Interview with a Dialog member on 1/14/87].

(5) Other emotional issues "Let peers check that emotion." That is one way a member characterizes the Dialog. Problems can be disguised in various ways. A seasoned peer, however, can detect it:

> "[When someone brought the financial issue of failure to collect money from a large client] we made many suggestions; why don't we do this; why don't we do this; and why don't we do this? And in the talk until after the Dialog group he found that everyone in the Dialog group was saying the same things. But it took outsiders' opinion, somebody who had a totally different perspective, to check that emotion [of the problem, rather than the face value of the problem]." [Interview with the spouse of a Dialog member on 12/18/86].

Among the items in the ground rules, the norm for confidentiality is important for dealing with emotion-laden issues in the Dialog group. As a member pointed out:

> "I think confidentiality in my mind is prime. It's emotional. If you don't keep that confidential, how could others bring

> emotional issues like :'How do I fire my brother-in-law.' " [Interview with a Dialog member on 1/7/87].

Getting one's own company acquired by others, even if it is a successful liquidation of the business, seems to be associated with emotional feelings. So does the case of giving up a specific product line.

> "Someone discussed 'what did they do about turning the company over to somebody else.' You hardly feel about that, Jesus. You build this company, it's your baby, you raised it. It's almost like having kids leave home. And in that case, kids stay home, and you have to leave. You turn the house over to the kid, and you go to Florida. [Laughter]. It's the same thing when you tell a guy he has to give up a product line. He said, what he has started it and it has already grown up, but this isn't a naked money. You get rid of that. And he said, "I can't do that." [Laughter]." [Interview with a Dialog member on 1/13/87].

(6) Business-social The aspect of the Dialog benefits that is conducive to business development and the more social aspect of the benefits to be derived from being among peers are closely intertwined. The very early documents already claimed these two benefits:

> The program is providing two major -- and concrete -- benefits: 1) The session have either given them direct solution to some of their business problems, or indirectly through colleague's dilemmas they have gained insight into their own problems; and, 2) the dialogue meetings serve as group therapy sessions where they are able to release a lot of stream created by business pressures and frustrations by talking out their troubles and by finding out that many of the problems are not peculiar to themselves and are plaguing others in their group as well. [*New England Business*, August, 1971, p.3].

The way members of the Dialog perceive its benefits is fairly close to this description with two qualifications. First, some members cast doubt on a strong emphasis put by SBANE and its brochures on the first benefit. Second, the two benefits are not easily separable. Problem solving through a peer group is seemingly very different from problem solving through experts and professionals. The differences resides in the very fact that in an entrepreneurial peer group it is hard to draw the demarcation between "business" benefits and "social" benefits.[53] One member coined the term, "*business-social* ," to denote to these two highly intertwined benefits.

> "I must confess that most of my interest in the Dialog is what I would term "*business-social* " -- it's not going to a party, but going really for the enjoyment of it. It is very enjoyable thing to go to. The setting must have some bearing in business, but it may almost be a stage on which people perform." [Interview with a Dialog member on 12/3/86].

Both in the interview and in the Dialog committee that I observed, this member emphasized the consummatory value inherent in the Dialog as soon as others began to talk about the immediate, practical impacts of the program. Practical impacts, however, are also true for some members. There are many similar terms and expression used by different members to refer to "business-social" complex -- "not just friends, but professional associates," "business friendship," and the like.

[53]. "Business" and "social" benefits are native terms, which roughly associated with formal concepts of "instrumental" and "expressive" benefits. The latter will be more fully discussed in the analytical chapters (Chapter 6 for concepts and Chapter 7 for empirical results).

"*It is hard to tell business friends from social friends* . There's no clear line." [Interview with a Dialog member on 2/6/87].

"All of those things [plight of a novice female entrepreneur] made me have a need for a friend, for a *business fiend.*" [Interview with a ex-Dialog member on 1/16/87].

Benefits by Member Categories

Above are the overall benefits perceived by the Dialog insiders. Dialog members are less diverse than their Forum counterparts; but there are some native categories of members depicted earlier in Figure 5-3.. The differences in salient benefits between manufacturer and blue collar service, on the one hand, and white collar service, on the other hand, will be briefly described.

(1) Manufacturers and blue collar services The "social aspect" is more salient to manufacturing and blue collar service members than white collar service members. Even when the "business aspect" comes in their mind, it is linked to "social" aspect or is regarded as a side result of "social" interactions. Below are some examples of the list of benefits perceived by manufacturer members.

• 1) a sense of confidence, 2) a few ideas to solve problem, and 3) the best solution for executive stress, and 4) long term relationship -- in commenting the fourth point: "You tend to develop long term relationship with people who share common grounds

• 1) reduction of loneliness, 2) a "bigger picture perspective," 3) networking "to improve luck," and 4) strategic advice

• 1) providing a group therapy, and 2) a big picture -- in commenting the second point (see the more detailed account above): "One of the reasons I'd like to go to the Dialog is I'm so much tied up with my small world here. That gives me chance to go and talk to other people."

In congruence with the native categorical scheme, the benefits perceived by blue collar members are similar to those of manufacturer members. Their view, however, tend to be more comprehensive than manufacturer members. The person who has emphasized a "business social benefit" belongs to this category. Below is his list of benefits for this membership category:

• 1) business-social (a "pleasant get-together"), 2) intellectual curiosity, 3) very specific advice 4) "method of getting this feeling of belonging (that one could not get in a larger organization)," 5) expression of concern and hesitation, and 6) confirmation of presented ideas.

In commenting on the second point, he said: "I enjoyed the discussion of business problems as philosophical position. I just intellectually curious about the whole thing." When comparing the sixth point, confirmation of ideas, with the third point, specific advice, the sixth seems passive. He mentioned: "The group just rubber-stamped what I presented to them rather than offering new ideas." [Interview with a Dialog member on 12/3/86]. Another comprehensive listing is made by a person who also belongs to the blue collar service category:

• 1) "thinking about the business in a bigger sense," 2) "learning that others have gone through the same problems that I'm having," 3) finding someone to talk to, 4) "helping the business owners prioritize their problems," 5) encouragement, 6) business contacts, and 7) substitutes for a business school.

Short comments are in order for clarifications of some of the benefits perceived by this member that I have not yet mentioned. First, "encouragement" is another outcome of group process that again perfectly fits with the "group therapy" metaphor. "People find out what other people think of the way they run their business," was mentioned, which apparently rests on the assumption that there are a few positive reinforcements in small businesses:

> " I feel I have gotten a little pat on the back. An important function of the group is to get a little bit of praise from others. They say, 'Well, all right, I'm not so bad.' [Laughter] ... And so that's something that usually comes out of the Dialog sessions, too. A little encouragement." [Interview with a Dialog member on 12/18/86].

As for the creation of business contacts, this member noted:

> "You developed a network of business friends [through the Dialog]. ... And I send Christmas cards [to members and ex-members]. And also the people who have been in my Dialog group become a part of our mailing list. ... And some of them become clients." [Interview source, same as the above].

In summary, 'business" aspect becomes more noticeable for blue collar services; but for them, this aspect is either mixed with "social" or perceived as less important to the social.

(2) White collar services The networking pay-off in the narrower sense of "finding customers and clients" appears to be most prominent among white collar businesses, especially consultants.

Below are a few representative examples of the list of benefits perceived by the "white collar services" such as lawyers, CPAs, people in the financial community, and a whole variety of consultants.

- 1) "networking as a marketing tool,"[54] 2) opportunity for learning, and 3) opportunity to develop resources (embodied in members)

- 1) "networking for expanding our business," 2) learning the perspectives of other CEOs [i.e, potential customers][55], 3) unintended benefit of "hiring accountant who is in my Dialog" (rather than being hired by others), 4) "further exposure to strategic thinking.

- 1) a sense of doing something for somebody else, 2) "reputation, especially professional reputation (as a consultant), 3) " a lot of long term friends"

The last person, in commenting on the second point, noted that: "It's really marketing, technically speaking." He explicitly admitted that one of his initial motives to participate in the Dialog was access to potential clients.[56] One of the typical comments on the use of the Dialog for a client search is as follows:

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54. In commenting on the first point, this person pointed out that "Continually enlarging your network is very important. [Just like the blue collar service person above] I include members of my Dialog and ex-Dialog groups on my mailing list." [Interview with a Dialog member on 12/8/86].

55. The second point can be construed as market research for a white collar Dialog member.

56. The same person also has mentioned: "I feel comfortable with marketing being secondary benefit. Formally, it should not come first." [Interview on 12/8/86].

> "You only get business, because people who know you recommend you or just repeat. So you need to constantly network. ... From my point of view, this is an ideal group to network with, because again I observed who was in my market [in person] -- my market is the president or owner of the small company. "Hey, look, who's sitting in the room for the most part [in the Dialog]." The very people who I want to knock on the door, I'd be trying to get in to see. So, it's great from this point of view." [Interview with a Dialog member on 1/12/87].

Challenges and Dilemmas of the Dialog

In a broad sense, there are four major challenges and dilemmas that the insiders of the programs talk about publicly. They are the lack of intergroup communication; the mixed blessing of the program growth that facilitates a higher degree of formalization of activities; the tension between continuity and dissolution; and the dilemma of choosing homogeneity for creating a peer group at the risk of wiping out the diversity that may facilitate the cross-fertilization of ideas.

This person is clearly aware of the very subtle nature of his appearance in the group. After six years in the Dialog, he now makes sure that he should be as reticent as possible in the group especially when the issue discussed is in his domain of specialty, because he knows that if he becomes vocal on that issue the group is no longer a self-help peer group. Among all of the interviewees, he is most keenly aware of the paradoxical position of experts and professionals in the Dialog. It is a paradox that one needs to shut up when one believe one can contribute most.

Intergroup information-sharing

The fundamental nature of the Dialog is the self-contained nature of each group's activities. That is the cornerstone of the Dialog, because without it the Dialog could not maintain an informal atmosphere with a strict norm for confidentiality. It becomes clear, however, that most of the participants are rather frustrated by the lack of intergroup communication that some believe would enable the sharing of problems and information. Relatedly, there are others who believe that the Dialog needs more administrative support from SBANE. As one member has suggested: "it would be nice to get some kind of update to as to what other groups are doing, some of the problems that they are solving. So you have a better idea. It would be nice." [Interview with a Dialog member on 1/15/87].

One idea to overcome this challenge is a "closing dinner." Presently, the only occasion for all of the Dialog members to meet across the board is the kick-off dinner. Initially, people are new to the program and, it is felt, a little anxious. The idea of closing dinner is to create an opportunity to meet together at the end of the Dialog year when anxiety has reduced. This closing session is expected to facilitate intergroup communication.

Paradox of growth

The "grow and divide" rule should work as long as the group size is kept within a proper limit and there are enough people who have experienced the Dialog before and are willing to be group coordinators. It is hard to fulfill these two conditions. The lack of a critical mass in some geographic area may entail a single too-large group for the area with a same membership composition year after year. Volunteers as group coordinators are sometimes hard to find. The overriding concern members have with regard to the paradox of the growth is the deteriorating quality of the program and the formalization of activities.

> "My concern is that it [the Dialog Program] has grown larger and SBANE has gotten larger, and with the things larger, quality is to drop." [Interview with a Dialog member on 1/7/87].

> "Number has grown. Growth can create a problem." [Interview with a Dialog member on 2/6/87].

At the inception of the program, its inventor-founder, in stressing the importance of simplicity, remarked: "You have to be careful with them not to get too formal, too organized. ... Stay small and simple. That's the biggest challenge. Stay small and simple as they grow" [Interview with an ex-Dialog member on 1/16/87].

SBANE's Dialog committee is aware of this challenge. The Director in Educational Services is concerned about "bringing more structure to the program [to ensure its quality]," and at the same time, she also tries to make sure that "the program is flexible" [Interview on 11/17/86]. For instance, she urges each group to tailor the ground rules to the needs of each group. The rules are not rigid.

<u>Continuity versus dissolution rule</u>

In order to have a sense of commonalty, a group has a certain degree of continuity. However, the pitfall of continuity is the lack of fresh perspectives. That is why the rule on dissolution was generated.

The tension between continuity and dissolution is enacted is commonplace. Many of the complaints center around this, as the following quotes show:

> "One of the members of the last year's group called another and said, "Our group was over." I was assigned to different group this year. And none of us are in the same group any more." [Interview with a Dialog member on 12/8/86].

> "He was kind of upset that we could have such a great idea to continue in the next year. And then, they [SBANE's Dialog headquarter] blew it over." [Interview with another Dialog member, referring to the above person, on 1/7/87].

> "[In comparing the Dialog with the Forum] In spite of the fact that "Yes, you can go to the Dialog, and do this three or four years, and eventually meet sixty people, instead of fifteen." I doubt that if I were seeking to network I wanna invest three or four years versus investing one, you know, six month period of time going to the MIT Enterprise Forum, and I can form network. In six months [at the Forum] instead of three years [at the Dialog]. I think they attract different kinds of people." [Interview with a Dialog member who is also attending the Forum on 1/1/3/87].

> "I am thinking about changing members versus continuing from year to year. I would not feel it was a fatal flaw to have the same member or the most of the same members, I mean, if you took six or eight people [out of twelve to fifteen in average size of the Dialog groups], although I suspect, maybe, it would be less powerful, becomes like a board of directors, then [while this interviewee also would like to use the Dialog as a board to get fresh "outside inputs"]. Continuity enables one to call people who were in your group. It is nice. However, probably to have the same group going on a year for another year, you lose members; people drop out because of getting the same kind of expertise. You need more structure to bring in special ideas [through disbanding the old groups]. Otherwise, it's sort of a socializing talking at all times, talking about histories more

than futures." [Interview with a Dialog member on 12/18/86].

Homogeneity versus diversity inside a peer group

Without common ground, a peer group cannot be formed. Without some amount of diversity, even a peer group can be boring. Therefore, the real question is in what way members are similar and in what way they are different.

SBANE has tried the ideas of the all-family business group, the all-service provider group, and the all-manufacturer group. The first one, according to my interviews, was generally regarded as a failure; if it had been perceived to be successful, they would have had the similar group in the following years. The last two experiments are regarded as generating mixed feelings among participants, at best. Only a few liked the idea.

In summary, the Dialog is not free from some dilemmas and challenges as insiders notice them. The dilemmas may reflect the subtleties inherent in entrepreneurial networking.

Inevitably, it [the Forum] is another form of market. ... It [the Forum's monthly case presentation] is a show business; and the show is the integrating art (a Forum participant).

I find that the Dialog group is a great equalizer (a Dialog member).

Make it [the Executive committee of the Forum] less clubby (a Forum participant).

Let the groups talk to each other (a Dialog member).

CHAPTER VI

ENTREPRENEURIAL CIRCLE AND CLUBS: A TAXONOMY FOR NETWORKING ORGANIZATIONS

The aim of this chapter is, first, to recapitulate the major contrasts between the Forum and the Dialog. Second, a taxonomy is presented, based on the "native's point of view." Finally, discrepancies in the theoretical categories will be discussed.

Historical contrasts

The contrast of the historical origins of the MIT Enterprise Forum as a whole and SBANE is summarized in Table 6-1.

The former began small as a "private counseling" session for startups. It emphasized high-tech startups and growing, technology-based companies. The latter, as SBANE claims, was an association to increase the political clout of small business.

In the beginning, the Forum was the small cozy meeting where friends and acquaintances met; whereas the inception of SBANE was a large mass. At the time when the Forum was born, risk capital was in short. So, it was a "misery-loves-a-company" kind of meeting. The birth of SBANE was facilitated by President Roosevelt's trying to build a new political constituency.

Now, the contrasts are reversed. The Forum has grown to be a large open arena. SBANE has spawned the Dialog where a small group of people express their ideas in a snug, warm atmosphere.

While Table 6-1 describes the overall contrasts of the MIT Enterprise Forum and the SBANE, Table 6-2 shows the specific foci of the present study, the Forums monthly case presentation meeting and the SBANE's Dialog.

There are about two thousand people on the mailing list of the Forum. Out of these two thousand (plus those not on the list who happen to hear about the session) normally about two hundred participants come to a meeting. A person can attend on a selective basis. Those standing on the Executive Committee and other "addicts" attend regularly. There seems to be almost no entry threshold.

In contrast, the Dialog has a deliberately designed threshold for entry. Being interested is insufficient reason to be allowed to attend Dialog sessions. First and foremost, one must be an SBANE member to sign up for the program. Second, one must pay substantial membership

Table 6-1
Contrasts Between MIT/EF and SBANE

MIT/EF	SBANE.
- Established in 1978	- Established in 1938
- The voluntary association geared to high tech businesses	- The oldest political association for small businesses
- Began as an informal clinic to discuss cases in a small group of people known to each other, when the time was tough for entrepreneurs because of the lack of risk capital	- Organized as a vehicle to convey collective voices of small business owners, when FDR sought a new wing of his political constituency -- started with a critical mass where members were not known to each other
- Currently over 2,000 people subscribe to the Forum Reporter	- Currently over 2,000 small business owners are its members
- No dues or qualification for membership -- there is no concept of membership	- Dues are determined by the size of the company ($ 185 to $ 1,200) and membership is limited only to those who are substantially responsible for running the business (CEO, Chairman, president, and owner)
- Instituionally supported by the MIT Alumni Association	- Incorporated as an independent, not-for-profit organizations; associated with a national association, SBU, for legislative objectives
- Financially supported by 22 outside organizations (that include SBANE)	- Financially operated by membership dues and other fees for functions
- The focal activity of this study is Monthly case presentation (simply called the Forum or a "large" Forum)	- The focal activity of this study is the the Executive Dialog Program (simply called the Dialog)
- National Director as a major informant	- Director of Educational Services is a major informant

dues, which eliminates non-committed members. Relatedly, one has to be responsible for running one's own business. That means that somebody who is planning to become an entrepreneur cannot be a member of the Dialog. The third factor that screens members is the required time commitment. One is expected to attend all sessions throughout the Dialog year. In other words, unlike the Forum, one cannot be selective by attending only sessions of one's special interest.

Whereas the monthly session of the Forum has been a core of the activities of the MIT Enterprise Forum from its inception in 1978, the Dialog was a latecomer inside the SBANE, though founded earlier than the Forum in 1970. The Dialog group was a brainchild of an SBANE member who wanted to have a group of "peers" to discuss business problems. Albeit relatively a recent addition to the SBANE activities, the Dialog marked a high score in the 1985 survey conducted by a outside marketing research firm. As such, the Dialog has become one of the core activities in SBANE's educational branch.

The above described entry threshold and enrollment limited to SBANE members are believed to be necessary to demand that the group be comprised of committed "peers." The Executive Committee of the Forum allows on-lookers who just wonder what is going on to come and to contribute to discussions; but the Dialog committee makes efforts to avoid somebody who cannot be a true "peer."

In terms of the meeting format, these two are different, as summarized in the vignettes of Table 6-2. The monthly case presentation of the Forum is more formal and sophisticated. Any presenter, before presenting his or her idea in front of two hundred people from the entrepreneurial community, must be prepared.

Table 6-2
Factual Contrasts Between the Forum and the Dialog

The Forum	The Dialog
- Began at the inception of the MIT/EF	- Began thirty years after the inception of SBANE
- Initiated by the founders of the Forum, Following the format of the New York Venture Clinic	- Invented and founded by a member in collaboration with SBANE head-quarter
- The core of all of the Forum activities	- The program of highest reputation (according to the 1985 survey)
- Fluid membership and the lack of boundary of insiders -- everyone can attend the session (The Forum officially does not have a concept of membership for participants)	- Limited membership and a clear definition of its population from which members are drawn -- only the SBANE members are allowed to sign up for the Dialog program
- MIT/EF has no membership fee and attendance to case presentation is also free except for a presenter who pays a nominal cover charge ($ 200)	- SBANE members who are in the Dialog still has to pay a fee for the Dialog($ 75)
- On average, about two hundred participants attend the session.	- In total, about one hundred and fifty signed up for the Dialog in 1986-87.
- They meet together at an MIT's classroom	- They are in ten separate groups. Each group meets at the host's company (on-site meeting)
- Participants are not expected to attend all of the monthly presentations throughout the Forum year -- only when interested in a presenting company and panelists, one attends that session. In other words, selective attendance does not cause any problem.	- Once one signs up for the program and is assigned to a specific group, one is required to attend all the sessions, in principle. Only when something very urgent happens, non-attendance is acceptable. In other words, a continued attendance is a valued norm.
- Participants are not necessarily known to each other	- Members typically become close associates as time goes by, because the same members meet throughout the year
- The meeting is announced through an informal media, the Forum Reporter	- The notice of the next session is a personal letter, followed by a phone call by the host to each member as a reminder

Table 6-2 (cont.)

The Forum	The Dialog
- Competitors of presenters can come; and the presenter might not know who are in the meeting	- Competitors, customers and suppliers are not permitted to be in a same group.
- What you hear at the meeting is regarded to be in the public domain	- What you hear at the session should not be disseminated. There is an explicit norm for confidentiality
- In the past, focus has been upon high tech companies	- The business areas run the whole gamut.
- Currently trying to have service companies as presenters	- Concerned about keeping the balance between manufacturing and service -- Natural tendency is toward more service people
- Experts are on the panel. They are regarded as resources	- Consultants and other experts are a potential threat to the idea of a peer group. Some, not all of the members, regard them as resources.

Spontaneity is discouraged. The meeting can be threatening for a young, vulnerable company because of the pressure of a mass group and of its unknown nature. Often experts in a specific area can be quite tough and a presenter has no way to know who will be in the audience. Anybody, competitors included, can come to the meeting. Low threshold to entry, or open membership, enables a free and diverse exchange of ideas and resources; but the very same element may be threatening for presenters.

The Dialog session is much more informal. First, it is an on-site meeting, with some foods, beverages and light liquors. Members in the group come to the place where the host is. The host, being a "king or a queen" of the night, may have some pressure, especially when he or she expresses some of his or her problems or weaknesses. The atmosphere, however, is informal. Second, due to the limited membership in combination with the rules for allocating members into groups, the host, ideally, should not be threatened by the configuration of the group. The rules try to insure that members will not include competitors and customers (and suppliers). Third, ground rules of the Dialog operations make it explicit that what is discussed in the Dialog should be kept confidential. Fourth, the size of each Dialog group has been limited to no more than fifteen (ideally ten to twelve). The size is kept small enough to allow an informal atmosphere. As the program has grown, SBANE has increased the number of groups, instead of increasing the size of each group. Unlike the Forum, all of the Dialog members (in different groups) do not meet together except for the kick-off dinner.

The Forum's monthly sessions are held in an MIT classroom, ten times a year at the same place. There are two cases per night at the

Forum. The *Forum Reporter* provides an impersonal notice of the coming sessions. There are nine to ten sessions throughout the Dialog year; and the site is rotated among the members' business locations. Each member hosts the session which takes place at his or her business. The group may meet during summer, or more than once a month so that everyone in the group can host. Since the same members meet throughout the year, as time goes by, members become close associates or "business" friends to each other. A personal touch is another hallmark of the Dialog: the host is expected to make a personal call by himself or herself (not through his or her secretary) as a reminder of the session. The primary means of notification of the next session is a personal letter from the host that describes his or her (often private) problems.

At the Forum, few presenter are willing to address weaknesses of the firm (or self). Instead, they point out the strengths of their company. The exception is of course the area where financial resources are sought. For instance, if the entrepreneur is trying to raise money, the presenter must emphasize the strength of his or her product to impress the audience that usually include people from financial community. In contrast, at the Dialog, the host is expected to be "honest" about his or her problems and weaknesses; or at least in the Dialog, sharing is more extensive.[1] The sharing of weaknesses is the cornerstone upon which peer discussion rests in Dialog.

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[1]. Some Dialog insiders who also know the Forum presume that the differences may not be so much in honesty as disclosure. Both the Dialog hosts and the Forum presenters are selective in varying degrees.

Experts in the Forum, whether they are entrepreneurs or not, are regarded valuable additions to entrepreneurs if they represent resources available in the community. The Forum is the place where these resources, which otherwise would remain dormant and invisible, are exposed to the people from the entrepreneurial community. Most of the supporting organizations of the Forum, by virtue of this visibility, decided to support the activities. Experts in the Dialog, especially consultants, because they are rather hard to be identified as authentic peers, are problematic in the group or at best generate a mixed feeling among manufacturing and blue collar service CEOs.

The profile of participants in each program was presented in the previous two chapters, but separately. Table 6-3 provides the comparison of Forum participants and Dialog members.[2] Several comments on these contrasts are in order.

In terms of these demographics, Dialog members are older and more seasoned (as measured by age and years spent in small businesses) than Forum participants. The years spent in Boston are also longer for Dialog members. Dialog members seem, therefore, to be more socially embedded in the community than Forum participants. Next, the majority of the people in both groups have experience in big businesses, although the percentage is higher for Forum participants. In terms of gender, the trend, according to the interviews, is the increasing number of female attendants in both groups. There are, however more female entrepreneurs in the Dialog than in the Forum. One out of four Dialog

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[2]. It should be noted again that the comparison is based on the people who responded to my survey. The comparison is not from documents of each organization.

Table 6-3
Comparative Profiles of Participants of
the Forum and The Dialog

	Forum	Dialog	t-value
<u>Demographics</u>			
Age (mean)	42.0 (10.0)	48.1 (9.3)	5.17 ***
Gender (% males)	84.7 %	74.8 %	2.01 *
Years in Boston (mean)	13.8 (6.1)	16.3 (5.8)	3.54 ***
<u>Work Experiences</u>			
Years in small business (mean)	10.6 (8.9)	17.5 (10.3)	5.90 ***
Years in big business (mean)	6.7 (7.9)	6.0 (7.8)	0.84
% of those who have work experience in big business	75.3 %	60.5 %	2.67 **
<u>Education</u>			
Level (Median)	master	bachelor	NA
Level (Mode)master	bachelor	NA	
% of those who trained as engineers 46.5 %	26.7 %	3.44 ***	
<u>Company Profile</u> (Self-employed only)			
# of employees (mean)	20.8 (64.4)	32.5 (35.0)	1.50
Sales volume (mean; $ K)	1406 (2170)	3737 (5396)	3.82 ***
<u>Relationship with the company</u>			
Started 53.6 %	63.3%	1.59	
Acquired 3.3 %	16.2%	3.47 ***	
Family business	1.3 %	8.6 %	2.62 **
Plan to start 6.0 %	0.9 %	2.42 *	
Work for someone else	35.8 %	11.1 %	5.05 ***
<u># of Companies Started</u> (mean)	1.38 (1.59)	1.47 (1.33)	0.48
<u>Area of Business</u>			
Category (Median)	professional	manufacturing	NA
Category (Mode)	professional	manufacturing	NA
-Manufacturing	5.7 %	28.2 %	NA
-R & D 17.1 %	4.0 %	NA	
-Distribution 1.9 %	8.1 %	NA	
-Service 8.9 %	25.8 %	NA	
-Financial 12.0 %	20.2 %	NA	
-Professionals	31.0 %	20.2 %	NA
-Company employee	19.6 %	--	NA
-MIT student, staff, prof.	1.3 %	--	NA
% of those in high tech areas	40.9 %	11.1 %	5.87 ***
% of those venture capitalists	7.4 %	0%	3.43 ***
% of consultants	27.0 %	11.9 %	3.21 **
% of traditional professionals (lawyers and CPA's)	3.4 %	3.4 %	0.01
<u>MIT Affiliation</u>			
Alumni and students	32.3 %	NANA	
In a broad sense	40.5 %	NANA	

Note. 1. Numbers in the parentheses are standard deviations.

2. Ns of the Forum respondents range from 141 to 166 and Ns for the Dialog respondents from 106 to 124 because of varying numbers of missing values in each item.
3. # of employees and sales volume are calculated only for self=employed respondents. As for the number of employees, Ns are 85 for the Forum respondents and 105 for the Dialog respondents. As for the sales, Ns are 65 for the Forum respondents and 97 for the Dialog respondents.
4. Levels of significance are indicated by asterisks:
* p<.05 ** p<.01...*** p<.001
5. For some items, t-tests are either not applicable or misleading because the same categorical schemes are not used for two subsamples. NA denotes these cases.

members are female entrepreneurs.[3] Finally, in terms of educational backgrounds, Forum participants, on average, are better educated. The median and mode category for the Forum respondents are master levels (the next category in terms of frequency, surprisingly, is doctoral degrees). Typical Dialog members, by contrast, are college graduates.

Company profile differences show that Dialog members represent companies that are more established and larger in terms of number of employees and revenues. Second, Dialog members are more likely to have taken over a family business or acquired a businesses started by somebody else.[4] Third, there are more people from traditional professions (like CPAs and lawyers, or "white collar services") in the Forum. Fourth, in the Forum, many participants are engaged in R & D and there are a fewer manufacturing companies. In the Dialog, manufacturing represents the largest proportion of companies.[5]

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3. In an ethnographic chapter on the Dialog, we have relied on many quotes from female entrepreneurs. As one member noted, "We, female entrepreneurs, must be more 'vocal' than male counterparts." Moreover, the survey reported here reveals that there actually are more female entrepreneurs in the Dialog.

4. Because of the open membership that allows those who are aspiring to be entrepreneurs to be in the session, there are company employees and students in the Forum. They seem to have a mind set very different from those who take over a family business. One Dialog member refers to the fact that he used to learn a lot from an association called the Son of Bosses.

5. Even in the Dialog, however, services in a broader sense is a dominant force. Services people are equally distributed between white collar and blue collar service businesses.

Taxonomy: Circle versus Club

This section deals with two contrasting types of networking organizations. The types are presented as an ideal types in a Weberian sense or genotypes in a Lewinian sense. As such, the pair of terms, "circle" and "club" are conceptual.[6]

The basic taxonomy proposed below is based on four basic attributes or dimensions. They are (1) basis of ties; (2) benefits to members; (3) entry requirements; and (4) basis of operation . The taxonomy is summarized by Table 6-4.

Basis of ties and connections

The dimensions of entry and basis of operation and procedures provide design parameters. They are under the control, in varying degrees, of founding and/or central members of a networking organization. Moreover, basis of ties and connections describes the very mechanism by which people gather together.

People gather together to exploit the strength of weak ties (cf., Granovetter, 1973) in the circle. They belive that being weakly tied to various, diverse constituencies is an efficient way to get access to unexpected information, or untapped resources. If they stick together too closely, meeting the same members over and over again as was happening at the failing New York Venture Clinic, a predecessor of the Forum, then members believe that the meetings become boring and lack

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[6]. However, construction of the taxonomy through detailed qualitative accounts of two organizations described in Chapter 4 and Chapter 5 is to make it grounded (Glaser & Strauss, 1967) .

Table 6-4
Ideal types of Networking Organizations:
Comparisons of Circle and Club

Attributes (Dimensions)	Categories (Types) of Networking Organizations	
	Circle (e.g., the Forum)	Club (e.g., the Dialog)
• Basis of ties and connections	• Weak ties	• Strong ties
	• Variant value	• Value homophyly
	• Preference over diversity and discontinuity	• Preference over common grounds and continuity
	• Loose coupling	• Tight coupling
	• Appealing to the need to fly	• Appealing to the need to be rooted
• Benefits	• Instrumental – a tool	• Expressive – consummatory value
	• Access to broader information and resources	• A deeper dialogue that may attribute a new meaning even to information already in hand
	• Exchange at lower context	• Confirmation at high context
• Entry	• Open membership or the lack of membership qualifications	• Closed or limited membership – qualification are stipulated
• Basis of operation and procedures	• High turnover	• Low turnover
	• Low time commitment	• Longer time commitment
	• Nonregular, sporadic attendance	• Regular, and continued attendance
	• Indirect interactions utilized, and chain effects as a part of anticipated result	• Direct face-to-face interactions valued, and chain effects, if happens, are a by-product
	• Lower internal cohesion and permeative to outside which may conducive to macro integration	• Higher internal cohesion; but may entail macro fragmentation
	• Grow as a whole group and potentially larger in maximum size	• Grow and divide to reduce the size of each group

fresh perspectives. If the heart of the entrepreneurial process is to generate "new" combinations, weak ties seem suitable for this objective. The weaker the tie, the more novel the information and resources derived from the tie. The circle is based on weak ties. It looks fragile but it is strong in bringing in new elements to the network.

The club, in contrast, relies on strong ties to create a situation in which people can develop trust. People become friends. People gather in the club because they find others who are wrestling with similar problems. Members believe that the gathering in itself has value. Participants do not attend the circle to gain friends. They would like to meet people they have not known before. Because the ties are weak, members can remain anonymous if they so desire. There are two rival hypotheses that deal with the relationship between similarity of values and the formation of ties. One of them proposes that integration across diverse people occurs because they have different values (within a certain limit). This is called the variant value hypothesis (Turk, 1963).[7] The Forum has a loose, but unique integrity, perhaps because participants represent variances in values. Forum members believe that entrepreneurs not only want to see their fellow entrepreneurs but also try to be integrated with people in the financial community, for instance. Among them, venture capitalists have values that presumably are different from loan officers at a bank. Still, both of them are needed

[7]. Turk (1963) presumes a complex organizational setting where people from different occupational communities have to cooperate to achieve the organizational objective. For instance, consider a hospital where nurses and doctors, because of difference in their background and values, have to cooperate.

to help CEOs of small businesses. Companies at different stages and plans seek sources of money that have different orientation.[8]

On the other hand, a network may be formed because its members seek communality. A propensity to seek others who have values similar to oneself is called "value homophyly" (cf., Laumann et al., 1974). In the club, people gather because of value homophyly to seek strong ties and to feel "I am one of them." The hallmark of the Dialog is its character as a "peer" group. The metaphor of "group therapy" implies that the group has a problem-solving ("therapeutic") power because its members share a feeling of commonalty. The club is the meeting place to see old buddies who are linked to each other strongly.

The careful examination of these two rival hypotheses -- the variant value hypothesis and the value homophyly hypothesis -- reveals the differences in research sites between Turk (1963) and Laumann et al. (1974). The former studied a hospital as a community in which different professionals (such as doctors versus nurses) form ties because of differences. They need to be integrated because the cooperation between different occupations rather than between the people in the same occupations is more strongly required. In this sense, the hospital can be construed as an "occupational ecology" in which different pieces fit together into an overall jigsaw puzzle (cf., Long, 1958). The Forum is one such example of an "occupational ecology" where people with different values, skills, and resources from different occupations who are concerned about entrepreneurship play their own

8. Typically, VC's, especially the seed capital providers, are less risk averse than other sources of money like banks.

games. Different constituencies fulfill different objectives out of the Forum.

Laumann et al. (1974), by contrast, studied community influence structures. If people who are influential in the community have their identity as political peers (even if their business and professional domains are different) and politicians belong to *an* occupational category. The social network Laumann et al. studied is closer to an"occupational community" (cf., Van Maanen & Barley, 1984). If small business owners regardless of differences in business areas are regarded as a single occupational category, the Dialog (like the community elites network) is closer to an emerging "occupational community."

In terms of motives to attend a network, the native views are closer to Maki's (1977) dual categorization of needs.[9] In his understanding, people are driven by both the need to "fly" and the need to "be rooted." Apparently, Forum participants, especially those people who are dreaming and aspiring to be entrepreneurs, attend the Forum, because the place appeals to the need to fly. They see others fly, and they may find the connections that might enable them to fly. The Dialog, in contrast, appears to be attractive to those who have already flown but need to find the place to fold their wings for a while, which eventually will have a positive effect for them to fly further.

In the ideal sense, the circle is more strongly associated with the need to fly, and the club has its basis on people's need to be rooted or to be embedded. The Forum is almost a place for entertainment for the

[9] He comes up with this idea through critique of a series of studies by Carlos Castaneda.

general audience and the place of show business for presenters. The Dialog is the place for commiseration and group therapy. With regards to this contrast, a typical comment on motives by Forum participants is that "I need this money (or the kinds of people) to start up my business," and the one by Dialog members is that "We need a place to just talk."

Benefits

If an entrepreneur would like to experiment (or play) with the innovative idea, a loosely coupled association that brings in the wider outside world is beneficial for access to a broad range of information and resources. For this purpose, such a networking organization is an instrument. As one of the Forum members characterizes this aspect, the organization is the place to utilize the otherwise untapped resources by making them visible.

If the entrepreneur, after launching out upon a new venture with his or her idea, faces the problems that appear so overwhelming to be solved all alone, he or she wants to be associated with other peers just to express his or her frustrations, worries, and weaknesses. As most of the Dialog members point out, learning that others are having the same problems they themselves are facing is in itself beneficial and relieving.

In the ideal, the circle provides instrumental benefits whereas the club provides expressive ones. More specifically, the circle is instrumental in gaining access to novel, unexpected information and resources from broader sources; the club is the place where one can express what one would like to share with other peers. As such, the Forum is less personified, and it can inevitably serve as "another market." Exchanges of information and resources for instrumental purpose do not require the circle participants to know others at a deeper level. In other words, contextual subtlety and personal backgrounds of each networker are not as important as they are in expressive relationship found in the club. In the club, members are supportive of each other; and the networking organization itself begins to have a consummatory value. At the Dialog, peers work on problems presented by the host. In order to promote such conversations, each member must share context. With the higher context, members may develop new meanings to the seemingly familiar matters they discuss. Therefore, in the club, generation of meaning is more salient than access to unexpected information and untapped resource.

The most frequently heard metaphors for the Forum and the Dialog are "show business" and "group therapy" respectively. The circle demands presentation of "strong" self, whereas the club sometimes allows (even encourages) to unveil "weak" self for commiserating with others.

Entry and membership

The two remaining attributes in Table 6-4 include dimensions that are controlled by founders of a network. As such, they provide clues for designing a networking organization of the circle or the club variety.

As stated earlier, the Forum officially decided not to use the term, "member" to refer to those who are present at the Forum's monthly case presentation. They simply participate without being bothered by membership qualifications. In contrast, an entry threshold is high in the Dialog: SBANE membership dues; additional fees to sign up for the

Dialog; and membership qualifications limited to those who are responsible for running a business. The value put on continued attendance and the required time commitment (investment in the form of time) also build the entry threshold still higher. In short, entry to the Forum is free and open, and entry to the Dialog is relatively closed and selective.

As a design parameter, there are many ways to gain control over the entry stage. The fee size is one such dimension. Exclusiveness of membership qualification is another. Obligation, duties, and any other forms of commitment that is necessary to reap benefit out of a networking organization are also still another design choice. The entry controls are easy to design. Once decided, however, they cannot be changed so easily without jeopardizing the image and purpose of the organization. Both high and low entry thresholds have their own merits and demerits. Kanda and Teramoto (1986; 1987) have studied Japanese networking organizations for entrepreneurs known as techno-mixing groups (*igyoshukoryu* in Japanese vernacular). They have found a negative correlation between membership fees and the perceived information and manpower flow as well as a positive correlation between membership fee and the serious joint efforts to develop products and sell them. That implies that high entry fees have a detrimental effect on free and relaxed exchange of ideas and that they have a positive effect on a group's collective efforts to develop businesses. In other words, the circle is good for exchange and weak for cohesive, collective efforts; and the vice versa for the club.

Basis of operation and procedures

In terms of format and other procedural process, there are many contrasting features found between the Forum and the Dialog. First, the circle and the club are characterized by high and low turnover, respectively.

Although some turnover is inevitable even in the club; selection at entry is a check against people who are insufficiently committed. Ideally, if the networking organization is chosen to be closer to the club, it should be based on the principle of low turnover. The turnover rate of the Dialog is estimated to be about thirty percent. The number, however, deals with the turnover rate of different Dialog years. Within the same year, attrition is much lower. Usually, none, or just one or two per group drop out during the Dialog year.

Conversely, in the Forum, who attends is constantly changing from one session to another, depending on the cases presented on that day, because the Forum does not urge continued attendance. Only those who are interested come. As a design feature, the circle is based on the principle of high turnover.[10] It does not, however, mean that the Forum was *deliberately* founded on this principle; the format evolved.[11]

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10. A corollary, already touched on, is that high turnover means the lack of heavy time commitment. One can leave as easily as one can enter. Thus, participation in the meetings is rather sporadic. In contrast, low turnover implies a stable, continued meeting attendance. Longer time commitment is another characteristics of the club.

11. This is the issue of whether high turnover is really a conscious principle of design or is not necessarily welcomed by the designers. A careful examination of interview data reveals that it is regarded as a design element; or at least, insiders so believe. First, they created the Annual Workshop so that a much larger number of people can meet, assuming that the monthly session is not supposed to be attended by all on the mailing list (physically, it is impossible). Second, continuity of membership is more salient in the New Venture Clinic.

There are other groups in the area such as 128 Venture Group that is more explicitly designed and operated based on the high turnover principle (Kahn, 1985).[12]

Another contrast is high and low use of a "chain effect" in the circle and club, respectively (Maguire, 1983). Moreover, the use of a chain effect in the circle is deliberate and intended, whereas its use in the club is more haphazard or just a by-product of a social gathering. The chain effect, for instance, enables person A to reach person D, because person A knows person B and person B knows C who knows person D.

For the purpose of gaining access to broader information and resources, Forum insiders believe that chain effect is important. In the Forum session, participants may not meet a targeted person, but will find that person through an introduction from someone in the meeting. Apparently, indirect interaction after the session often provides more valuable information and resources than direct contacts in and immediately after meetings. In an ideal sense, the circle is just an instrument or a vehicle to get things done later. The reliance on chain effects and the indirect interactions is congruent with instrumental

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In the process of designing NVC, members of the Executive Committee reportedly discussed the high turnover in monthly case presentation meetings. Turnover rates, at least, retrospectively, are believed to be a design parameter. It should be noted, however, that the Forum insiders unanimously emphasize the evolutionary (versus designed) nature of their activities. Therefore, this issue of native understanding of "designability" is very subtle.

12. The founder of 128 VG noted: "If a person ceases to attend a session, this means that he or she has got what is wanted. High turnover, therefore, indicates the success of our meetings." For the details of 128 Venture Group, see Nohria, Nitin (1988), *Creating New Business Ventures: Network Organization in Market and Corporate Contexts*. Unpublished Doctoral Dissertation, Sloan School of Management, MIT.

benefit of the circle type. In the circle, people do not meet for the sake of the meetings.

On the other hand, the chain effect is not central to the club. Dialog members believe that one needs to see other members on a face-to-face basis, because the group itself has a consummatory value for them. Moreover, a full and subtle grasp of the problems of a host demands direct interactions. In reality, a chain effect does occur in the Dialog in the form of referrals and introductions to someone through other members of the group. This benefit, however, is believed to be secondary in the Dialog sessions. The ground rules explicitly prohibits the use of Dialog session for soliciting businesses.[13] The emphasis on direct, face-to-face contacts in the club is congruent with dominance of expressive benefits.

The size of the social gathering is another design parameter. It is related to selectivity at the entry level, but is an independent dimension. A designer of the networking program can divide people into different groups of a limited size. In some sense, when the founders of the Forum realized that they should not repeat "the same mistake" of the New York Venture Clinic, they shifted form a club (NVC) to a circle (the Forum). The Dialog started small as a pilot group and has grown. However, the operating principle for coping with growth in the Dialog is "grow and divide." Ideally, the club stays small in size (if it becomes large, other features of the club are prohibited.

[13]. The chain effect is more strongly expected by "white collar" service people in the Dialog. One Dialog member, who is a consultant, noted that, "The Dialog is a marketing tool for me."

The circle, on the other hand, relies on indirect as well as direct interactions. Potentially, it can be large.

The club is, therefore, more suitable to create the internal cohesion at the risk of being shut out from the wider contacts. One of the major complaints about the Dialog is that the members do not learn what is happening in different Dialog groups. The circle, by contrast, creates ties with various constituencies that, at first glance, appear to be outside of the circle. These other constituencies can be partially included at the risk of the circle being chaotic without cohesion. The boundary itself in the circle is more fluid than in the case of the club. In using Granovetter's (1973) terms, the club generates micro integration and pays the cost of entailing macro fragmentation; and the circle helps achieve macro integration and loses internal cohesion.

Interactions of Two Types

The circle and club attributes interact each other in reality. Perhaps, the networking organizations that work effectively incorporate both elements in a complementary way. The interactions can be viewed from a developmental perspective: the club evolves into the circle; and the circle spawns clubs. The careful reexamination of the Forum and the Dialog interviews reveals that both elements coexist.

Formative Period of the Two Groups

In the early days, the Forum was more like a club. The founding members unanimously point out that it was born because they "felt miserable" with the "harsh environment for small businesses." Risk capital was low and the Route 128 high technology startups were suffering. They met in a small number to discuss their plight and console each other. It was, however, the founders' deliberate efforts to introduce circle elements in order not to repeat the same mistake of New York Venture Clinic, namely the mistake of the "same old faces." Among their deliberate choices was "open membership" beyond the MIT community. Thus, the Forum evolved toward a circle.

By contrast, the very origin of SBANE, a matrix for the Dialog, was established as a legislative "instrument." It was a political circle to mobilize the voices of small businesses. For this purpose, even at the very beginning, SBANE had to reach a critical mass. It was a circle for a political purpose. Dialog groups under the auspices of the SBANE, in a metaphoric sense, are isolated and protected islands in a sea of the circle.

The NVC for the Forum and the NEBC for the Dialog

A pure type can be vulnerable. The ideal circle lacks internal solidarity, whereas the ideal club lacks access to wider resources. Both the Forum participants and Dialog members have meetings other than the their major ones.

The very nature of the Forum's monthly session such as open membership and low threshold is a potential threat to "young" companies that the Forum originally wanted to help. Competitors can come, and comments can be too brutal to be accepted by fledgling companies that have to be "incubated." Because of the Forum's brutality, the Executive Committee formed the New Venture Clinic, also called the incubator. This is a club for fledging companies. In the NVC, members are limited and close members meet to help young companies in a protected atmosphere. The circle is open. It makes the circle far-reaching, but with the risk of making the meetings less protective. The NVC is an addition to the overall MIT Enterprise Forum activities to cope with this weakness. As all of the founders alluded, the NVC is reminiscent of the old day Forum (e.g., a gathering close to the club).

On the other hand, one of the most common complaints about the "well-protected" Dialog is that members could not learn from what other group have already learned. Each Dialog Group is an "isolated island." That enables sincere expressions of problems inside the island, but with the risk of not knowing anything about the surrounding ocean and other Dialog groups.[14]

SBANE has established the New England Business Conference. The SBANE staff does not formally claim that the NEBC is a countermeasure to cope with the closed nature of the Dialog. However, some Dialog members expect the NEBC to be an opportunity to be exposed to the overall SBANE population and other participants beyond the cozy but small world of each Dialog group. The 1987. NEBC had fifty two sections in total and installed the exhibition called "the Marketplace." The Marketplace is an "instrument" for small business owners to get access to procurement managers in major corporations in New England. The NEBC serves as the circle for Dialog members in the club. Moreover, it should be noted that a demonstrative session based on the Forum format was held in the NEBC with help from people of the Forum.

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[14]. The "island" metaphor is native, but not necessarily shared by all of Dialog insiders. Some are sensitive about this aspect.

The Executive Committee of the Forum and the Dissolution Rule of the Dialog

The circle as an ideal type is a very loosely connected group. It will dissolve, unless it has a dedicated core of members inside. It is thin, fragile, and weak. These attributes imply the weaknesses of the circle.

The Forum has been working well, reportedly due to the efforts of the Executive Committee of the Forum. There are some insiders who do not believe in this, but very few. The committee embraces most of the founding members. They are the hub of the overall Forum activities. The committee members believe that without their efforts, a loosely organized network like the Forum would be easily unsettled. The Executive Committee was construed as the club by one of the general participants of the Forum, when he complained that: "Make it [the Executive Committee] less clubby" [the survey conducted by the Forum; an internal document]. He coined the term, "clubby" in a negative sense. However, without this "clubby" element inside the circle, its operations could not be maintained. The committee is the only centripetal force of all other loosely defined activities for the Forum participants.

The circle needs the club elements to give continuity to its activities. In a similar vein, the club needs circle elements to neutralize the former's limits. The NEBC is one such example. In considering what makes the Dialog attractive, the dissolution rule should not be underevaluated as most of the Dialog insiders suggest. There are some members who are resentful of this uncompromising rule. The rule apparently is against the overall attributes of the pure club. However, because of this rule, Dialog members not only have close ties with some SBANE members but also have access to a different set of people from the more diverse SBANE population.

Another hybrid element in the Dialog is the appearance of consultants. As touched on earlier, consultants are received with mixed feelings by the entrepreneurial peers in the Dialog. They may negate the "peer feeling" inherent in the club if they use the Dialog as a marketing "instrument." It is a negative aspect of the addition of consultants and other "white collar" professionals to the Dialog. However, their addition can deepen the arguments and may enable the Dialog to utilize professional networks and association (but at the risk of jeopardizing the spirit of a "self-help" peer group). This positive aspect sheds light on circle attributes that these people can bring in consciously or unconsciously. Therefore, it comes as no surprise to find some Dialog interviewees who welcome the inclusion of consultants, CPAs and lawyers in the group. Some of them behave as if they were in a circle. As a result, the Dialog is not the pure club: its closed nature is attenuated; and use of weak ties and chain effects occur.

Interaction of the Circle and the Club in a Community

On a macro level, it should be noted that an entrepreneurially active community like the Greater Boston area has various kinds of networks for entrepreneurs. Naturally, they include both the circle and the club. Both types may interact with each other as is observed between the Forum and the Dialog. For instance, the program chair of the 1987 NEBC was a member of the Executive Committee of the Forum. The National Director of the Forum sometimes calls the Educational

Director of SBANE to ask for informal cooperation and vice versa. SBANE has been a supporter of the Forum. Formally, it now is one of the supporting organizations of the Forum. The Forum similarly has been a supporter of SBANE as a whole and Dialog as its educational activities. The interaction became more explicit and visible in the case of the 1987 NEBC.

Interactions are not limited to core members of the two. Interactions can be found among general members and participants. Overlapping membership in both types enables a members to reap the benefits of both. The exact number of overlappings cases is not clear. It seems to be not large as I match the mailing list of the *Forum Reporter* and the internal document on the membership list of the 1986-87 Dialog. Few people were on both lists. There are two reasons for this small overlapping membership. For one thing, I have checked only the past nine years of Dialog applications. For another, the names on the mailing list of the Forum Reporter are changing. I only examined the current members who pay the most recent dues. Moreover, those who are not on the list can come to the Forum. Therefore, the overlapping can be easily underestimated.

Overlapping membership is not so pervasive between the Forum and the Dialog as it is between the Forum and the SBANE as a whole. According to my field-administered survey, eighteen percent[15] of the Forum participants in a specific session were also members of SBANE (though it should be noted that less than ten percent of SBANE members signed up for 1986-87 Dialog).

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[15]. In the mail survey, the result of the equivalent question is 15.1 percent of Forum respondents (see Table 7-7 in the next chapter).

There are, at least, four notable cases of overlapping. One is a manufacturing entrepreneur, a very experienced businessman who acquired a company started by three MIT graduates. He has attended the Forum for a long time and has been a member of a Dialog Group twice. Another case of overlapping is a high tech business person who is new to both the Forum and the Dialog. He is becoming active in both of them. The third case is an older businessman, an old-timer in the Dialog, who once was invited to the Forum as a guest speaker. The last case is one of the Executive Committee members of the Forum who used to be active in the Dialog and then quit. There are a variety of ways to be exposed to both the circle and the club.

In summary, the interaction of circle and club elements is found inside networking organizations. In addition, in an "interorganizationally" rich area like the Greater Boston area, an organization closer to the circle and another closer to the club can interact on a community level. They coexist.

CHAPTER VII

COMPARATIVE ANALYSIS OF THE FORUM AND THE DIALOG

The aim of this chapter is to systematically compare the two networking organizations based on survey data. This chapter is aimed at both elaborating the taxonomy and providing additional data for comparison. The use of the survey data in the present chapter is basically descriptive, although the results of t-tests and other inferential statistics are shown.

Initial motive to attend the meetings

Conceptually, the initial motive to attend the networking organization is different from the resulting benefits of attendance. For instance, one interviewee in the Dialog studies, a consultant, initially attended the Dialog to be exposed to potential clients but he now claims that the major benefit for him is the alleviation of solitude that comes from running a small business. Conceptually, at least, the initial motive is a dimension independent of the current benefits.

The result showing the initial motive to attend is given in Table 7-1. Factor analysis reveals three underlying motives (for the factor

Table 7-1 Comparison of Initial Motives to Attend
Between the Forum and the Dialog
(Means)

	Forum (N=157)	Dialog (N=124)	t-value
Experience-sharing (learning) motive	4.93(1.37)	5.66(1.20)	4.70 ***
(6) my desire to avoid reinventing the wheel for problems others had already solved.	4.26(1.85)	5.56(1.55)	6.37 ***
(2) a bigger picture I could get beyond day-to-day operations.	4.63(1.99)	5.18(1.82)	2.38 *
(1) chances to learn from others' experiences.	5.91(1.45)	6.25(1.26)	2.09 *
Social motive	2.86(1.51)	4.24(1.25)	8.29 ***
(5) an opportunity to discuss my problems with others.	2.79(1.66)	5.48(1.60)	13.65 ***
(4) my desire for friendship and socializing.	2.94(1.90)	3.05(1.68)	0.53
Resource motive			
(3) expected access to more resources.	4.59(1.85)	4.30(1.83)	1.31

Note 1. Each item is measured by Likert type seven point scale (1 for "not at all true" and 7 for "very true").
2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 152 to 157 and Ns for the Dialog subsample from 121 to 124 because of varying numbers of missing values among items.
4. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001

loading after varimax rotation, see Appendix 5a). They are: (1) experience-sharing motive; (2) social motive; and (3) resource motive. The most salient difference is found in the social motive ($t=8.29$; $p<.001$). Dialog members report being more strongly motivated by this aspect.

A closer look at the item-level differences reveals that the difference is much higher in "an opportunity to discuss my problems with others" than in "my desire for friendship and socializing." The score for the second item is fairly low in both samples and there is almost no difference between them. That reflects the fact that the kind of dialogue the Dialog members want to have is to express "my problems" with others. This aspect is less salient in the Forum. A sheer social gathering seems also to be something that the Forum participants are looking for in their meetings.

Second, the experience-sharing motive is the dimension comprised of three items: (1) "chance to learn from others' experience"; (2) "a bigger picture I could get beyond day-to-day operations"; and (3) "my desire to avoid reinventing the wheel for problems others had already solved." In all of these three items, the Dialog sample has a higher score than Forum participants (for the composite measure for this dimension, $t=4.70$, $p<.001$). The Forum is apparently not the place where the presenter believes he or she can freely express problems and make mistakes. In the other two items, the differences are not so large. That means that both programs are seen by members as effective in providing the chance to learn entrepreneurship and management of small businesses beyond the day-to-day scope. Still, the scores are higher for the Dialog.

The third motive in the table is called "resource motive." It sheds light on the instrumental use of the networking organization to "fly," or to be plunged into various sources of ideas, information, and resources. Conceptually, the circle is more fitted for this motive. In comparing the Forum and the Dialog, however, the differences are negligible (t=1.31; ns), albeit the score is higher for the Forum in accordance with expectation. The small difference comes as no surprise, because the question asks for the initial motive rather than the perceived actual benefits.

One noticeable point from Table 7-1 is that Dialog members mark higher scores than Forum participants on every item except for item (3), the resource motive. An interpretation for this is that, overall, Dialog members may be more strongly motivated to get benefits than Forum participants, even at the initial stage. Dialog requires greater commitment because all members in principle host a session, whereas in the Forum there can be mere "on-lookers."[1]

Benefits of Networking

There are various ways to measure the benefits. One is to measure the relative weight given a specific benefit. The second is to use native terms and measure how important each item is to a respondent, and how frequently it is believed to be realized through a

[1]. Another interpretation is related to how the items are generated. Except for item (3), the wording of other items is primarily based on the Dialog interview data.

networking organization. The third is to examine whether the practical concrete impacts occur or not. All are explored below.

Relative Weight

The most straightforward way to get data on instrumental versus expressive benefits is to directly ask Forum participants and Dialog members to assign a relative importance to them.

The item on expressive benefits is "expressing your concerns, feelings, and problems to others and listening emphatically to theirs;" the item for instrumental benefits is "making use of others as a practical resources to achieve your objectives." One of the concerns for wording is to make the statement of instrumental benefit neutral; and this has been checked through pretesting. According to Bennis (1979), another dimension of interpersonal relations called a "confirmatory benefit" was introduced.[2] There are many native statements that are pertinent to this aspect (e.g., "it is nice to learn that what I'm doing is OK."). There are other similar terms like "reality-testing" and "confidence-raising." This dimension of confirmatory benefits is described in the questionnaire as "trying to use others' experiences and advice to confirm that what you are doing is correct and proper."

Table 7-2 summarizes the result of the relative weight attached to these benefit dimensions. Respondents are asked to indicate the

2. There is still another dimension in Bennis' framework. That is the "influential aspect." This aspect basically characterizes the relationship between a teacher and students, that between a counselor and his or her client, or, to take more familiar example, that between parents and children. Although this aspect is not totally absent in the organizations studied, it is rather irrelevant. Even a group therapy metaphor does not imply the kind of one way influence from a counsellor to his or her clients, because the group is a peer group.

Table 7-2 Comparison of Relative Emphasis Put on Expressive, Confirmatory, and Instrumental Benefits Between the Forum and the Dialog (Means)

		Forum (N=141)	Dialog (N=122)	t-value
(1)	**EXPRESSIVE** Expressing your own concerns, feelings, and problems to others and listening empathically to theirs.	20.1 (17.5)	35.6 (17.1)	7.23 ***
(2)	**CONFIRMATORY** Trying to use others' experiences and advice to confirm that what you are doing is correct and proper.	43.1 (23.5)	37.6 (17.8)	2.15 *
(3)	**INSTRUMENTAL** Making use of others as a practical resource to achieve your objectives.	37.5 (24.9)	26.8 (18.8)	3.97 ***

Note 1. Each item is measured through asking respondents to "indicate the relative importance of each item by allocating a total of 100 points among them."

2. Numbers in the parentheses are standard deviations.

3. Ns of the Forum subsample and the Dialog subsample are 141 and 122 respectively across all three items.

4. Significant levels are indicated by asterisks:

* $p<.05$ ** $p<.01$ *** $p<.001$

relative importance of them by allocating a total of 100 points. It is quite clear from the table that expressive benefit is much more salient in the Dialog ($t=7.23$; $p<.001$); and that instrumental benefit, by contrast, is emphasized in the Forum ($t=3.97$; $p<.001$). It is also notable that the people in each organization are equally sensitive about the confirmatory benefit of raising confidence in what one is doing and is trying to do. Moreover, as a common element of the two organizations, confirmatory benefit has the highest score for both organizations.

Importance Attached to Benefits and the Degree of Actualization of Benefits

Allocation of 100 points into theoretical categories of benefits is directly relevant to the taxonomy; however, such terms as "instrumental" and "expressive" are not the lay constructs used by insiders. Such allocation also focuses on "relative" importance. Assume that one benefit dimension (Bi) is higher in organization 1 than in organization 2 and that another benefit dimension (Bj) is lower in organization 1 than in organization 2. If the total amount of benefits are much higher in organization 1, however, then even Bj may be greater in organization 1 in absolute terms.

In order to avoid this limitation, fourteen items were generated based on the terms used by insiders. As such, wordings are believed to be close to the natives' use of the terms. Respondents were asked to show the importance of, and the degree of the actualization of, each item. Then, the result is factor-analyzed to see how items construct several dimensions (for the factor loading after varimax rotation, see Appendix 5b and 5c). The fourteen items are grouped into three factors named (1) "sense of belonging[3]," (2) "knowledge enhancement (learning)," and (3) "business devices (business development)." The results are shown in Table 7-3 and Table 7-4, which deal with the importance attached to benefits and the degree of actualized benefits on a five-point Likert type scale. As stated earlier, respondents are asked to rate how important each item is and how frequently they believe that each item is actually realized.

Both in importance and frequency, the "sense of belonging" which is most closely associated with expressive benefits is significantly higher in the Dialog than in the Forum ($t=5.15$, $p<.001$; $t=8.53$, $p<001$). This dimension is comprised of five items: (1) "testing of my ideas in front of others"; (2) "alleviation of solitude"; (3) "a feeling of commonality"; (4) "reinforcement of the feeling of self-worth"; and (5) "developing strong social ties and relations." Except for developing ties, all expressive benefits are more valued by the Dialog members and are believed to be more frequently actualized in the Dialog. Among the expressive benefits, in the items on the reality-testing, solitude relief, and commonality, differences between the Forum and the Dialog are salient. "Idea-testing through others" is the most strongly expected for the Dialog members and is believed to be more frequently actualized through the Dialog than through the Forum. A "feeling of commonality" and "alleviation of solitude" are also more valued and thought to be more frequently actualized in the Dialog.

The next derived dimension is called "knowledge learning" as compared to "vicarious learning" (Bandura, 1977). Vicarious learning is

[3] The dimension is equivalent to what Sarason (1974) as a community psychologist has termed a "sense of community."

Table 7-3 Comparison of Importance Attached to Benefits Between the Forum and the Dialog (Means)

	Forum (N=157)	Dialog (N=124)	t-value
Sense of belongingness	2.49(0.86)	3.04(0.83)	5.15 ***
(5) testing my ideas in front of others	2.85(1.40)	3.89(1.02)	6.92 ***
(4) a feeling of commonality	2.60(1.19)	3.42(1.13)	5.74 ***
(2) alleviation of solitude	2.02(1.20)	2.79(1.48)	4.51 ***
(11) reinforcement of the feeling of self-worth	2.47(1.29)	2.80(1.28)	2.11 *
(10) developing strong social ties and relations	2.47(1.30)	2.31(1.13)	1.08
Knowledge enhancement(learning)	4.07(0.55)	3.80(0.57)	3.82 ***
(8) keeping track of technology developments	3.60(1.29)	2.80(1.17)	5.26 ***
(1) knowledge about somebody else's business	3.87(1.02)	3.58(0.91)	2.46 *
(3) learning through real cases	4.26(0.86)	4.17(0.89)	0.87
(7) ideas that can be applied to my situaiton	4.20(0.90)	4.15(0.90)	0.44
(14) exposure to strategic thinking	4.39(0.87)	4.35(0.84)	0.39
Business devices(development)	3.24(0.71)	3.12(0.68)	1.41
(9) exploring alternative career opportunities	2.48(1.32)	1.51(0.92)	7.05 ***
(13) sharing business experiences	3.50(1.12)	4.24(0.91)	5.98 ***
(6) broader contacts with new people	4.02(0.99)	3.83(1.08)	1.50
(12) informal marketing device	3.01(1.37)	2.92(1.41)	0.52

Note 1. Each item is measured by Likert type five point scale (1 for "never" and 5 for "always").

2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 152 to 157 and Ns for the Dialog subsample from 121 to 124 because of varying numbers of missing values among items.
4. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001

Table 7-4 Comparison of Degree of Actualized of Benefits Between the Forum and the Dialog (Means)

	Forum (N=157)	Dialog (N=124)	t-value
Sense of belongingness	2.34(0.76)	3.12(0.65)	8.53 ***
(5) testing my ideas in front of others	2.21(1.15)	3.48(0.95)	9.64 ***
(2) alleviation of solitude	2.29(1.13)	3.37(1.22)	7.21 ***
(4) a feeling of commonality	2.91(1.07)	3.66(1.01)	5.82 ***
(11) reinforcement of the feelin of self-worth	2.31(1.16)	2.88(0.99)	4.21 ***
(10) developing strong social ties and relations	2.02(0.99)	2.27(0.87)	2.19 *
Knowledge enhancement(learning)	3.70(0.52)	3.54(0.58)	2.25 *
(8) keeping track of technology developments	3.05(0.97)	2.31(0.90)	6.44 ***
(14) exposure to strategic thinking	3.81(0.94)	3.68(0.94)	1.15
(1) knowledge about somebody else's business	4.27(0.78)	4.34(0.81)	0.62
(7) ideas that can be applied to my situation	3.24(0.89)	3.25(0.94)	0.09
(3) learning through real cases	4.12(0.92)	4.11(0.89)	0.04
Business devices(development)	2.71(0.73)	2.97(0.61)	3.09 **
(13) sharing business experiences	3.11(1.06)	4.17(0.78)	9.30 ***
(9) exploring alternative career opportunities	2.16(1.05)	1.56(0.77)	5.24 ***
(6) broader contacts with new people	3.12(1.04)	3.66(1.08)	4.15 ***
(12) informal marketing device	2.48(1.14)	2.50(1.14)	0.15

Note 1. Each item is measured by Likert type five point scale (1 for "never" and 5 for "always").
2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 152 to 157 and Ns for the Dialog subsample from 121 to 124 because of varying numbers of missing values among items.
4. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001

to learn by modeling others' behavior through what they have experienced so that a learner can avoid mistakes made by others. In contrast, "knowledge learning" deals with the enhancement of knowledge about a specific industry and technology area. Except for the item of "learning through real cases," all other items listed in Tables 7-3 and 7-4 under learning, shed light on knowledge learning. The knowledge learning items are "keeping track of technology development," "exposure to strategic thinking," "knowledge about somebody else's business," and "ideas that can be applied to my situation."

In the Forum rather than the Dialog, knowledge relevant to business and technology is more valued (t=3.82, p<.001) and the belief in actually getting that kind of knowledge is higher (t=2.2 5, p< .05). The discrepancy between these two networking organizations is larger when importance rather than the degree of actualization is compared.

In examining the importance (Table 7-3), knowledge of technology development is much less valued in the Forum among all of the five learning items. In contrast, examining the actualized benefits suggest that this is the only item responsible for the Forum's overall advantage in knowledge learning. On the other four items, the differences in "actualized benefits in knowledge" from the two organizations are trivial.

On the item concerning "knowledge about somebody else's business," although Dialog members value this dimension less than Forum participants (t=2.46, p<.05), knowledge benefit is slightly more frequently actualized in the Dialog (ns), perhaps because of the seriousness of discussion in the Dialog. Also, although as an objective, the knowledge of someone's business is not so highly emphasized (3.58), the outcomes on this item (somebody else's business) is fairly high in the Dialog (4.34). At the Dialog, as the expression of "business-social" shows, members are interested in other members' businesses. There are dual objectives: "knowledge for the sake of knowledge" as is referred to as "intellectual stimulation"; and "commiseration by learning others' business problems." Moreover, in the Dialog, presenting genuine interests in peers' business in itself is valued as a way to express mutual respect, not as an intellectual interest.

On the items of "real cases" and "applicable ideas," these two organizations are performing equally well.

Finally, the dimension of business development sheds light on the relative importance of instrumental benefits in the two groups. This dimension is slightly more valued in the Forum (t=1.41, ns); but it is believed to be more frequently actualized in the Dialog (t=3.09, p<.01). The item "exploring alternative career opportunities" is higher in the Forum both in terms of importance and frequency. As earlier shown in Table 4-1, about forty percent of the Forum are currently company employees who may be using the Forum to find alternative careers; and six percent of all of the Forum respondents say they are are now considering starting their own business. Therefore, the alternative career benefit is relatively more prominent in the Forum, although the average scores are not so high. In contrast, Dialog members, due to SBANE's membership qualifications, are already responsible for running their own businesses. Some of them may consider changing their career; but it is probably less likely for Dialog members to actually change their career, since they are older and more seasoned in small businesses.

As an "informal marketing device," the Forum is rated slightly higher by its participants; in terms of frequency, there is no significant difference. In the Forum, there are some people who are much more concerned about using the place for this purpose, but there are more people who are just on-lookers. For instance, students, who are not aspiring to be entrepreneurs yet, come to the Forum just to see what is going on; they may not care about any serious business development, unless they are already student entrepreneurs. In the Dialog, however, where solicitation of businesses inside the program is theoretically prohibited, there are, nonetheless, some members, especially consultants and other white collar business people, who would like to develop business relationships with other members. All in all, there are no differences in perceived actualization of business development benefits between these two organizations.

Third, "broader contacts with new people" characterize the nature of the circle. It is more valued in the Forum, but, oddly, more frequently realized in the Dialog. It is difficult to interpret this anomaly. Some qualitative details that are related to this include: many passive and anonymous participants of the general audience at the Forum; and the disbanding ground rules of the Dialog Groups. The latter means that one can develop broader contacts with new people. The inclusion of consultants and other white collar services in the Dialog along with operational businesses may also increase contacts.

The fourth item on this dimension is "sharing business experiences." In this item, the Dialog members have higher scores in terms of both importance and frequency.[4]

In summary, the expressive use of the network is more valued and more frequently actualized in the club (e.g., the Dialog) than in the circle (e.g., the Forum). As for the instrumental benefits, the results are ambiguous. Conceptually, the circle is more prominent in this aspect of benefits. However, only for the item of "alternative career," does the Forum clearly score higher than the Dialog in both importance and frequency. Related to this result is that Dialog requires greater commitment than the Forum. Thus, frequency results are likely to be sharper, in general, in the Dialog.

If scores of three dimensions are compared in each organization, both in the Forum and in the Dialog, the score of knowledge leaning is higher than those of the two other dimensions. In the Forum, the next higher score is found in the dimension of business devices, an instrumental benefit; and in the Dialog, the next higher score resides in the dimension of sense of belonging, an expressive benefit.

Concrete Impacts

Because of the difficulty of measuring the performance of a networking organization, the previous two measures are not free from problems. They deal with "soft" aspects of benefits. They do not ask about concrete, "hard" results that one can supposedly gain from participation in these organizations.

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4. This item lessens the degree of the difference in composite measure of this dimension favoring Dialog.

In order to capture some "hard aspects," seven statements that describe concrete impacts of the programs were generated from the interview data. Respondents were asked whether each item applies to their own situation or not. Table 7-5 reports the percentage of the people who say they have undertaken each action.

The most notable difference is found in the third item -- "I was introduced to people in the financial community." Almost forty percent of the Forum respondents report this impact, whereas the number is less than fourteen for the Dialog respondents ($t=4.99$, $p<.001$). Among various instrumental benefits, contacts with people in the financial community, especially with venture capitalists, are one of the most vital elements among the Forum activities. Presenting CEOs and other participants typically lack financial resources. As earlier shown in Table 6-3, seven percent of Forum participants are venture capitalists of some sort, while no Dialog members reportedly are venture capitalists.

Second, there are about thirty percent of the people in each program who "found somebody whom [they] admire as an entrepreneur (role model)." Conceptually, the functions of the role model might be different between the circle and the club but such differences do not appear of quantitative significance. Role models in the circle serve as a vehicle to sense the existence of the critical mass of people who are in the big pool of entrepreneurship. In the club, role models are peers who are basically wrestling with the same or similar problems other members are facing day-in and day-out. This differences in function could not be examined in this analysis. It is, however, interesting to note that both programs seem to be helpful in finding the admired role

Table 7-5 Comparison of Concrete Actions Taken Between the Forum and the Dialog (Percentages of those who checked each item)

	Forum (N=152)	Dialog (N=124)	t-value
(3) I was introduced to people in the financial community.	38.8%	13.7%	4.99 ***
(1) I changed my business strategy.	19.1%	33.9%	2.77 **
(5) I avoided a costly mistake.	10.5%	16.9%	1.52
(2) I identified a new market.	9.9%	5.7%	1.32
(4) I made a significant hire.	3.3%	5.7%	0.93
(6) I found somebody whom I admire as an entrepreneur (role model).	30.9%	29.0%	0.34
(7) I developed new business.	15.2%	16.1%	0.20
Average of the number of items checked in each subsample	1.28(1.27)	1.21(1.16)	0.47

Note 1. Ns of the Forum subsample are either 151 to 152 because of varying numbers of missing values among items and Ns for the Dialog subsample are 124 across all items.
2. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001

models. The concrete impact on this dimension is not a distinguishing factor explaining the difference between the Forum and the Dialog; rather it appears to be a universal benefit of attending any kind of networking organization.

Third, the identification of a "new market" is the impact more salient among Forum participants, whereas the avoidance of a "costly mistake" is the impact more pervasive among Dialog members.

Fourth, there are many people who reported "changed [their] business strategy" in both programs; but the percentage is much higher in the Dialog ($t=2.77$, $p<.01$). It is perhaps because of stronger commitment and more detailed, personalized dilemmas required for the Dialog. In contrast, there are on-lookers in the Forum.[5] In addition, the strategic advice from peers might have stronger impact on an entrepreneur than that from experts and professionals who are on the panel in front of large audience ("show business" environment). A premise, in fact, of the Dialog is to help other peers cope with their strategic problems.

Group Atmosphere and Climate

There are fifteen items that describe an atmosphere of networking organizations; and they were factor-analyzed to see how dimensions cluster. Four dimensions out of fourteen items are derived

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5. Obviously, there are attributional bias for those who are more strongly committed to a program to report that their strategies are influenced by the program.

both from a priori conceptual dimensions and the result of factor analysis (reported in Appendix 5-d). They are (1) dramaturgical formality, (2) expressive commiseration, (3) differentiation of interests, and (4) closeness,[6] as shown in Table 7-6.

First, dramaturgical formality is comprised of four items: (1) "People put on their best face in the meeting"; (2) "The discussion can be brutal"; (3) "The session is like a stage on which people perform"; and (4) "The meeting is informal (the reverse item)." The metaphors related to stage, show business, entertainment, events, and the like are replete in insiders' remarks on the atmosphere of each meeting place. Overall, the dramaturgical formality is higher in the Forum than in the Dialog ($t=10.97$, $p<.001$). In the Forum, the presenter, not knowing who are in the audience, must present his or her ideas quite formally, but with entertaining elements to make his or her presentation appealing to the audiences that normally include sources of finance for his or her business. Also, experts as the panelists of a Forum session tend to make ostentatious remarks "on the stage." They typically expect that being tough (and thus "showy") to a fledgling entrepreneur is to show that they are bona fide professionals.

Reflecting the informal aspect of the Dialog, in the second dimension of "expressive commiseration," the score of the Dialog is much higher than that of the Forum ($t=6.32$, $p<.001$). It so named to denote the group atmosphere in which people can express common concerns for commiseration. Albeit "expressive" is a formal construct, "commiseration" is a native term used with a caveat "don't take it too

[6]. There is an additional item (item # 13 in question 4 in the questionnaire survey) that may be regarded as a dimension by itself.

Table 7-6 Comparison of Group Atmosphere Between the Forum and the Dialog (Means)

	Forum (N=147)	Dialog (N=123)	t-value
Dramaturgical formality (reverse score for item 12)	4.16(0.90)	2.98(0.83)	10.97 ***
(12) The meeting is informal.	4.53(1.48)	6.13(1.03)	10.42 ***
(9) The session is like a stage on which people perform.	4.24(1.58)	2.68(1.49)	8.25 ***
(2) People put on their best face in the meeting.	5.07(1.18)	4.15(1.50)	5.48 ***
(5) The discussion can be brutal.	3.95(1.67)	3.31(1.75)	3.04 **
Expressive commiseration	4.37(1.11)	5.19(1.01)	6.32 ***
(7) It has elements of group therapy.	3.28(1.64)	4.58(1.72)	6.27 ***
(6) In the meeting people may express worries and anxiety.	4.51(1.48)	5.31(1.39)	4.58 ***
(3) There are many common concerns.	5.42(1.28)	5.70(1.67)	1.92
Diffentiation/ambiguity	4.87(0.77)	4.54(1.10)	2.77 **
(14) Some participants are interested in altogether different things than other participants.	5.67(1.26)	4.92(1.55)	4.29 ***
(11) Some participants know more than others about what's really going on.	5.89(1.11)	5.48(1.45)	2.54 *
(15) The rules or norms that govern the meeting are ambiguous.	3.00(1.49)	3.20(1.61)	1.07
Closedness -- sameness/continuity (reverse scores for items 1 and 4)	3.48(0.77)	3.59(0.85)	1.05
(1) Anyone wishing to enter the group is welcome.	5.90(1.37)	4.99(1.92)	4.40 ***
(4) One can not expect long-term relationships with participants.	4.13(1.67)	3.30(1.63)	4.00 ***
(8) Some participants are always saying the same things.	4.66(1.64)	3.95(1.59)	3.54 ***
(10) People in the meeting are very similar to one another.	3.20(1.49)	2.74(1.55)	2.44 *

Note 1. Each item is measured by Likert type seven point scale (1 for "not at all accurate" and 7 for "very accurate").
2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 136 to 147 and Ns for the Dialog Subsample from 120 to 123 because of varying numbers of missing values among items.
4. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001
5. Wordings for the Dialog versions in items (4),(10),(11), and (13) are slightly different in that it replaces "participants" and "participation" by "members" and "membership." This modification is simply because the Forum deliberately avoids using the notion of "members" and "membership."

far." It means that commiseration is not necessarily negative, and the term does not imply that the members are ineffectual. This dimension is measured by three items: (1) "There are many common concerns"; (2) "In the meeting people may express worries and anxiety"; and (3) "It has elements of group therapy." Common concerns also exist at the Forum, but it is not the place to express weaknesses -- it is the place to demonstrate and impress one's strength. The group therapy metaphor is less applicable to the Forum.. Although the "board" metaphor is heard in both organizations; the "group therapy" metaphor has never been heard among the Forum participants.

Third, the Forum is more differentiated, reflecting diversity of its participants. Also there is a gap in the level of understanding of what is going on in the meeting between serious participants and on-lookers. One respondent of the Forum sample added the comment to the statement to be evaluated of "Some participants know more than others what's really going on." (item (11) in Table 7-6); What really is happening?; I don't know" (emphasis by the respondent). The pivotal participants of the Forum, especially members and ex-members of the Executive Committee, know more about what happens in and after a session. Given the differential knowledge about the nature of the Forum meeting, it is expected that the situational norm is more ambiguous in the Forum. The result, however, is that ambiguity is slightly higher in the Dialog albeit not significant (on an item level, $t=1.07$, ns).

One interpretation for this anomaly is as follows. As a by-product of the dramaturgical formality, the meeting format becomes more formal and institutionalized in the Forum. As a result, the ambiguity concerning rules or norms is considerably reduced in the Forum. Notwithstanding the elaborate ground rules of the Dialog, the Dialog session itself is more ambiguous, probably because it is more informal and the ground rules can be tailored and modified to the group need.

Fourth, closedness is a dimension of "protected" group atmosphere in a positive sense. Its opposite is openness. Theoretically, the circle is open and the club, to a considerable degree, is closed. The results are mixed ($t=1.05$, ns). It seems that there are two aspects: entry threshold and depth of relationships on the one hand; and repetitiveness or sameness on the other hand.

For the former aspect, the result is expected: entry is easier; but long lasting relationships are harder to be realized in the Forum than in the Dialog. It confirms that the circle's openness to the outside has the cost of the lacking internal cohesion. The relevant items are: (1) "Anyone wishing to enter the group is welcome" ; and (2) "One cannot expect long-term relationships with participants."

For the latter aspect, the result is apparently against the expectation based on the taxonomy: the same remarks are more repeatedly heard; and the participants look more similar in the Forum than in the Dialog. The items related to this aspect are: (3) "Some participants are always saying the same things"; and (4) "People in the meeting are very similar to one another." Interpretations for this seemingly anomalous finding may be that the very open nature of the big Forum makes a small number of vocal participants more salient, and these participants tend to be professionals and experts in some area. To the general audience, the marketing expert, for instance, always makes the marketing related (thus similar) comments repeatedly. The very nature of a closed peer group of the closed Dialog, by contrast, makes the inclusion of consultants and other white collar services problematic, because their peer status is problematic. Dialog members believe that each group is comprised of manufacturing entrepreneurs, service entrepreneurs, and consultants and professionals. Ideally, the Dialog is a peer group. Probably because of this mixture (especially, inclusion of consultants), they perceive that members are less similar, even compared to the Forum.

Networking Behavior and Orientation

Some measures of networking behavior and networking orientations (or attitudes toward networking) were introduce in the survey questionnaire. The following are results.

(1) Networking behavior The reason why entrepreneurs are engaged in networking is to get outside information and resources. Therefore, one simple, but interesting measure of behavior relevant to networking is the extent to which people spend their time outside of their company. At the stage of pretest, efforts were made to make the distinction between internal and external activities as clear and natural to respondents as possible (see question 9 in Appendix 4).

Internal activities include planning, scheduling, coordinating and supervising people inside the organization, and other internally-oriented activities. External activities include public relations, meeting with customers and other people outside the organization, attending professional and trade organization meeting, and other externally-oriented activity. Respondents are asked to indicate the relative proportion of their time over the past year devoted to internal and external activities of their business/professional organization.

The result is that Forum participants spend more time in externally oriented issues than members of the Dialog (41.7 % versus 35.1 %; $t=2.14$, $p< .05$[7]). It is congruent with the expectation that circle members are more outwardly-minded than club members. It should be noted, however, that some Dialog members report spending as much as thirty five percent of their time with outside people.

The second measure of networking behavior is multiple membership. There are data on whether respondents are related to other similar networking organizations in the Greater Boston area in addition to the focal organization. Tables 7-7, 7-8 and 7-9 provide the result of past and current membership to, and awareness of, other networking organizations.

First, reflecting the higher percentage of participants in high tech area, there are more Forum participants who are also members of BCS (Boston Computer Society). Similarly, reflecting the larger share of members who are in manufacturing business, there are more Dialog members who also attend AIM (Associated Industries of Massachusetts). Second, percentage of people who also participate in (or once participated in) the 128 Venture Group is higher among Forum participants, probably because the 128 Venture Group is also close to the circle type of organization.[8] Third, with a few exceptional items

7. This is based on two-tailed test.

8. For the detailed account of 128 Venture Group, see Nohria, Nitin (1988), *Creating New Ventures: Network Organization in Market and Corporate Contexts.* Unpublished Doctoral Dissertation, Sloan School of Management, MIT.

Table 7-7 Comparison of Current Membership of Various Networking Organizations Between the Forum and the Dialog Participants (Percentages of Those Who Checked Each Item)

	Forum (N=159)	Dialog (N=122)	t-value
SBANE (Smaller Business Association of New England)	15.1 %	—	—
MIT Enterprise Forum	—	7.4%	—
BCS (Boston Computer Society)	23.3 %	4.9 %	4.71 ***
128 Venture Group	8.2 %	0.8 %	3.16 **
YPO (Young Presidents' Organization)	6.3 %	2.5 %	1.19
RMA (Research Management Association)	3.1 %	2.5 %	0.35
ACE (Association of Collegiate Entrepreneurs)	6.3 %	1.6 %	0.77
MSBDC (Mass. Small Business Development Center)	1.3 %	0.8 %	0.36
MHTC (Mass. High Technology Council)	1.3 %	1.6 %	0.23
AIM (Associated Industries of Mass.)	0.6 %	13.1 %	3.99 ***
NEWBO (New England Women Business Owners)	0.6 %	2.5 %	1.19
Local chamber of commerce	5.0 %	25.4 %	4.71 ***
Local chapter of Rotary Club	0%	6.6 %	2.91 **
Local chapters of any trade associations	13.3 %	25.8 %	2.64 **
Local chapter of any professional associations	27.7 %	19.4 %	1.68
Other organizations for entrepreneurship and small businesses	12.1 %	14.5 %	0.61

Note

Ns of the Forum subsample and the Dialog subsample are 159 and 122 respectively.

Significant levels are indicated by asterisks:

* $p<.05$ ** $p<.01$ *** $p<.001$

Table 7-8 Comparison of Past Membership of Various Networking Organizations Between the Forum and the Dialog (Percentages of Those Who Checked Each Item)

	Forum (N=159)	Dialog (N=122)	t-value
SBANE (Smaller Business Association of New England)	17.6 %	—	—
MIT Enterprise Forum	—	14.8 %	—
BCS (Boston Computer Society)	13.8 %	7.4 %	1.78
128 Venture Group	30.2 %	8.2 %	4.97***
YPO (Young Presidents' Organization)	1.3 %	0.8 %	0.36
RMA (Research Management Association)	4.4 %	1.6 %	1.38
ACE (Association of Collegiate Entrepreneurs)	2.5 %	0%	2.02 *
MSBDC (Mass. Small Business Development Center)	1.3 %	2.5 %	0.72
MHTC (Mass. High Technology Council)	5.7 %	2.5 %	1.38
AIM (Associated Industries of Mass.)	2.5 %	7.4 %	1.81
NEWBO (New England Women Business Owners)	0 %	6.6 %	2.91**
Local chamber of commerce	7.6 %	18.0 %	2.57 *
Local chapter of Rotary Club	3.1 %	2.5 %	0.35
Local chapters of any trade associations	9.0 %	11.3 %	0.62
Local chapter of any professional associations	19.9 %	10.5 %	2.26 *
Other organizations for entrepreneurship and small businesses	8.4 %	11.5 %	0.80

Note

Ns of the Forum subsample and the Dialog subsample are 159 and 122 respectively.

Significant levels are indicated by asterisks:

* $p<.05$ ** $p<.01$ *** $p<.001$

Table 7-9 Comparison of Awareness of Various Networking Organizations Between the Forum and the Dialog Participants (Percentages of Those Who Checked Each Item)

	Forum (N=159)	Dialog (N=122)	t-value
SBANE (Smaller Business Association of New England)	61.0 %	—	—
MIT Enterprise Forum	—	39.3 %	—
BCS (Boston Computer Society)	68.6 %	41.0 %	4.75 ***
128 Venture Group	47.2 %	29.5 %	3.08 **
YPO (Young Presidents' Organization)	39.6 %	41.0 %	0.23
RMA (Research Management Association)	17.0 %	8.2%	2.26 *
ACE (Association of Collegiate Entrepreneurs)	12.6 %	3.3%	3.00 **
MSBDC (Mass. Small Business Development Center)	36.5 %	30.3 %	1.09
MHTC (Mass. High Technology Council)	71.1 %	41.0 %	5.24 ***
AIM (Associated Industries of Mass.)	36.5 %	40.1 %	0.77
NEWBO (New England Women Business Owners)	24.5 %	20.5 %	0.80
Local chamber of commerce	45.9 %	47.5 %	0.27
Local chapter of Rotary Club	43.4 %	45.1 %	0.28
Local chapters of any trade associations	13.9 %	10.5 %	0.87
Local chapter of any professional associations	18.7 %	12.9 %	1.35
Other organizations for entrepreneurship and small businesses	8.4 %	8.1 %	0.11

Note

Ns of the Forum subsample and the Dialog subsample are 159 and 122 respectively.

Significant levels are indicated by asterisks:

* $p<.05$ ** $p<.01$ *** $p<.001$

(such as AIM and Rotary Club), the Forum members have a propensity to be more knowledgeable about other similar organizations and report they have been or were active in more of them. Conceptually, the circle is more permeable to the outside than the internally closed club, the result is understandable from this comparative framework. Fourth, the people in the Forum are (or were) more likely to be active in professional associations, while the people in the Dialog are (or were) more likely to be active in the local chamber of commerce, implying that the Forum participants are more "cosmopolitan" and that the Dialog members are more "local". This may provide additional attributes of the taxonomy.

Overall, the results in Tables 7-7, 7-8, and 7-9 show that the Forum participants are generally more active compared to Dialog members in connecting to various kinds of other organizations.

Further analyses were done with regard to multiple membership. It was decided to question the determinants of multiple membership. What kinds of people attend the larger number of similar organizations? Multiple membership in this analysis is operationally defined as the total number of networking organizations with which a respondent has been involved. This includes both past and current membership. Stepwise multiple regression analyses are adopted for this purpose. The dependent variable is multiple membership. Independent variables include initial motives, perceived benefits, and the time allocated to external activities, and demographic variables such as age, education, and years spent in small businesses. Independent variables also include such variables as weak-tie seeking orientation and personality measures.

The same analyses are done for the Forum and Dialog. The results are reported in Tables 7-10 and 7-11 and summarized in Figure 7-1. The differences in results for the Forum and the Dialog respondents indicate that how multiple membership is constructed seems different for the two organizations. The results also suggest some additional difference in networking behavior between the two.

For the Forum respondents, level of education, years spent in small business, importance attached to "business development" and time allocated to external activities are independent variables that enter to predict multiple membership. For the Dialog respondents the only common independent variable is the time allocated to the external activities. The two additional variables that explains the multiple membership are weak-tie orientation[9] and relative weight attached to confirmatory benefit.

Differences in the results between two organizations are as follows. In the case of the Forum, the higher ranked the benefit dimension of "business development," the greater the multiple membership. In the case of the Dialog, the more prominent the weak-tie orientation and the heavier the weight put on the confirmatory benefit, the greater the multiple membership. This implies that one significant inducement for Forum participants to seek other organizations is to promote their business chances. Further, one of the salient purposes for Dialog members is to gain confirmation of their ideas and to increase their confidence. Since the club is enmeshed in the web of strong ties, one needs to be consciously and vigorously

[9]. Weak tie orientation is more fully discussed in the next section.

Table 7-10
Determinants of Multiple Membership
-- The Forum --
(Final Step in Stepwise Regression Analysis)

Independent variable	Beta	t-value
Networking behavior and attitudes		
Time allocated to external activities	.21	2.29 *
Benefits of attending networking org.		
Importance attached to business development (BIBDEV)	.24	2.69 **
Relative weight of instrumental benefit	-.13	1.43
Personality and demographics		
Years spent in small businesses	.25	2.90 *
Level of education	.18	2.05 *
Venture capital dummy	.14	1.58
Traditional professional dummy	.11	1.30

R Square=.22
R Square Adjusted for d.f.=.17
F(7,110)=4.52 ***

Note. 1. Parameters in PIN and POUT in stepwise regression are set as .20 and .30 respectively.
2. Values for venture capital dummy are 1 if the respondent is a venture capitalist, and 0 otherwise.
3. Values of traditional professional dummy are 1 if the respondent is either a lawyer and an accountant, 0 otherwise.
4. *p< .05, **p<.01, ***p<.001

Table 7-11
Determinants of Multiple Membership
-- The Dialog --
(Final Step in Stepwise Regression Analysis)

Independent variable	Beta	t-value
Networking behavior and attitudes		
Weak-tie seeking orientation (NOBROAD)	.26	2.68 **
Time allocated to external activities	.22	2.39 *
Strong-tie seeking orientation (NONARRO)	.13	1.41
Benefits of attending networkin org.		
Relative weight of confirmatory benefit	.19	2.08 *
Personality and demographics		
Machiavellian sacale	-.18	1.89
Locus of control--internals	.17	1.82
Years living in the Greater Boston area	.15	1.60

R Square=.21
R Square Adjusted for d.f.=.15
$F(7,99)=3.73$ **

Note. 1. Parameters in PIN and POUT in stepwise regression are set as .20, and .30 respectively.
2. *$p<.05$, **$p<.01$, ***$p<.001$

Figure 7-1
Determinants of Multiple Membership
(Summary of Regression Analysis)

The Forum participants

Multiple membership

Level of Education

Years spent in small businesses

Importance attached to "business development" benefit

Time allocated to external activities

The Dialog members

Multiple membership

Weak-tie orientation

Relative weight of confirmatory benefit

Time allocated to external activities

Note The dependent variable, multiple membership, is the total number of the networking organizations with which a respondent has been involved (that include both past and current membership). Independent variables include networking behavior and attitudes, initial motives, importance attached to benefits, relative importance of benefits, personality, and demographic variables. Only the statistically significant independent variables introduced in stepwise analysis are shown in this figure. For the details of results of regression analysis, see Tables 7-10 and 7-11.

oriented toward weak ties. That may be why weak tie orientation partially explains the multiple membership of Dialog members and why the variable appears only for Dialog respondents.

(2) Networking orientation In the process of collecting qualitative data, it has become clear that insiders who are active in the Forum and the Dialog not only behave in a certain way but also develop their own views and opinions about networking. That is natives have a specific orientation toward networking. The analysis here is intended to compare this orientation or related attitudes more systematically.

An attitudinal scale called the "networking orientation" was constructed from a set of relevant native statements (expressed during the interview studies) about how people approach, and think of, networking. Four dimensions from these items were identified based on the results of factor analysis (see Appendix 5d). The comparison between the Forum and the Dialog on these four dimensions is reported in Table 7-12.

The first two dimensions, "inclination to broad search" and "inclination to local search," are closely related to the conceptual attribute of weak and strong ties. However, the two are not structural attributes, as in the original taxonomy but are taken here as individual orientations. They are also called the "weak-tie orientation" and the "strong-tie orientation."

The items included in the weak tie orientation are: " My interpersonal network provides me with accessible role model"; "I expect my friends to return favors I've done for them as soon as they possibly can"; "A loosely connected human network serves as a fast

Table 7-12 Comparison of Interpersonal Networking Orientation Bewteen the Forum and the Dialog Participants (Means)

	Forum (N=155)	Dialog (N=123)	t-value
Weak-tie seeking orientation (inclination to broad search)	4.08(0.94)	3.85(1.00)	1.56
(10) I expect my friends to return the favors I've done for them as soon as they possibly can.	2.65(1.64)	2.12(1.39)	2.91 **
(13) I consider the people I met in any group a part of my network.	4.48(1.64)	4.92(1.67)	2.18 **
(11) A loosely connected human network serves as a fast Yellow Pages for me.	4.71(1.62)	4.41(1.68)	1.52
(2) My interpersonal network provides me with accessible role models.	4.37(1.60)	4.12(1.66)	1.26
(14) Friends are important because of the connections they provide.	3.99(1.84)	3.79(1.92)	0.90
Strong-tie seeking orientation (inclination to local search)	2.89(0.87)	2.79(0.91)	0.87
(4) I am reluctant to seek help from others.	2.90(1.72)	2.54(1.55)	1.82
(1) I prefer associating with people I know rather than seeking out new people.	3.43(1.47)	3.18(1.60)	1.36
(9) I'd like to be in a group comprised exclusively of persons like me.	2.13(1.32)	2.25(1.66)	0.67
(7) If we are diverse, we wouldn't have common things to discuss.	2.27(1.31)	2.19(1.40)	0.48
(12) I do not like to rely on others.	3.74(1.69)	3.78(1.83)	0.20
Positive attitudes toward professionals (reverse score for item 6)	4.47(1.13)	3.89(1.34)	3.76 ***
(8) Professionals and/or consultants are valuable additions even to a self-help group.	5.42(1.40)	4.76(1.69)	3.47 ***
(6) It is better to talk to a person who has tackled the same problems I'm having than talk to professionals.	4.53(1.48)	4.98(1.51)	2.46 *
Preference over continuity (reverse score for item 3)	4.72(1.15)	4.11(1.34)	4.00 ***
(5) To be effective, a group must have continuity of membership (participation) over several years.	4.65(1.55)	3.38(1.68)	6.45 ***
(3) High turnover in groups is desirable.	3.20(1.38)	3.14(1.68)	0.32
Dependence aversion	3.32(1.37)	3.17(1.32)	0.94
(4) I am reluctant to seek help from others.	2.90(1.72)	2.54(1.55)	1.82
(12) I do not like to rely on others.	3.74(1.69)	3.78(1.83)	0.20

Note 1. Each item is measured by Likert type seven point scale (1 for "strongly disagree" and 7 for "strongly agree").
2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 150 to 155 and Ns for the Dialog subsample from 120 to 123 because of varying numbers of missing values among items.
4. Dependence aversion is a subdimension of the strong-tie seeking orientation. Therefore, items 4 and 12 appear twice in this table.
5. Significant levels are indicated by asterisks:
*p<.05 **p<.01 ***p<.001

Yellow Pages for me"; "I consider the people I met in any group a part of my network" and "Friends are important because of the connections they provide." This dimension is characterized by exchange relationships and the instrumental use of a network.

The items to describe the strong tie orientation are: "I prefer associating with people I know rather than seeking out new people"; "I am reluctant to seek help from others"; "If we are too diverse, we wouldn't have common things to discuss"; "I'd like to be in a group comprised exclusively of persons like me"; and "I do not like to rely on others." This dimension is comprise both a preference for familiar and similar persons and aversion to dependence on others' help.

Weak tie orientation is slightly higher in the Forum; although the differences are very small (t=1.56, ns). In the response to the item concerning exchanging "favors," the difference is substantial. As for all other items except for the item (13), "I consider the people I met in any group a part of my network," the scores are higher for the Forum (t=2.91, p<.05). Due to the continued membership throughout the year, the Dialog members, according to qualitative data, are more inclined to consider people they meet in the group as a part of their network. It also explains the smaller difference in the composite measure of the dimension of weak tie orientation because the scores of this item cancelled out the differences observed other items.

There is almost no difference in the strong tie orientation between the two organizations both at the level of dimension (t=0.87, ns) and at the item level. Accordingly, there is no difference in dependence aversion, its subdimension.

In summary, attitudinal measures of weak and strong tie orientation were constructed, but measures poorly distinguish between Dialog members and Forum participants. One reason may be that the tie-orientation is a structural not an individual property. Even if one is motivated by a strong tie, one can still structurally benefit from a weak tie *position* regardless of one's *orientation*. In other words, a weak tie position in a network, regardless of any motivational and attitudinal components, can help broaden one's own world.

It should also be noted that the scores of the items in weak-tie seeking orientation are higher than those in strong-tie seeking orientation whether in the Forum or in the Dialog. That implies that although there are a lot of subtle qualitative differences between the Forum and the Dialog, both of them as entrepreneurial (and, thus, to a considerable degree, as economic) networking organizations, put more emphasis on wide access to resources.

The third dimension of networking orientation is people's "attitude toward professionals and experts" in a self-help network. As expected from qualitative accounts, the Forum participants are much more favorable toward professionals ($t=3.76$, $p<.001$). In the Forum, some experts are regarded as valuable and necessary to the monthly session. Tn the Dialog, some professionals, who are resources by may be there to sell their services, are regarded as positively as they may be in the Forum.

Fourth, the preference over continuity is higher for the Forum participants than among the Dialog members ($t=4.00$, $p<.001$), which is against the expectation from the taxonomy.[10]

Personality of Participants

The basic premise of this study is that it focuses on "situational help" rather than personality. The entrepreneurial networking organizations are the one major element among situational supports. The contention that the situational support is more important than the personality issues is an assumption. This assumption can be investigated and some implications may be drawn from the analysis of the personality measures.

Three personality scales, all of which are shorter versions because of the limited space in the questionnaire, are included in the questionnaire survey. They are (1) the Rotter scale on the locus of control (Rotter, 1966), (2) the Machiavellian scale of interpersonal relationship (Christie & Geis, 1970), and (3) the Rokeach's scale on dogmatism (Rokeach, 1960).

The Forum respondents include entrepreneurs and company employees. None of these scales could successfully distinguish the two. It helps establish the initial assumption that personalty is not the major issue. As a next step, the question of whether there are differences in

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10. This is another anomalous puzzling result. Note, however, that neither the Forum nor the Dialog as organizations have preferences. The aggregation makes less sense for "orientation" measures.

personality profiles between Forum and Dialog participants is examined. It is unrealistic to assume that a few years in a networking organization could change personality. Therefore, the assumption on which the analysis rests is the analysis is to see whether different types of people are attracted to different types of networking organizations. The result is summarized in Table 7-13.

The locus of control has been frequently examined in entrepreneurial studies (cf., Carland et al, 1984). Entrepreneurs are generally regarded as "internals." The Rotter scale deals with whether one tends to attribute the cause of some results to "internal" factors (efforts and ability) or to the "external" factors (luck and task difficulty). As shown in Table 7-13, relatively speaking, externals are attracted by the Forum; and the internals are attracted by by the Dialog ($t=3.59$, $p<.001$). This has an intriguing implication for the circle-club taxonomy. The result suggests that the those who are believers in "luck" tend to choose the circle where "luck" can be conveyed through the establishment of weak ties. Conversely, those who say that "I am on my own" (e.g., internals) might be more attracted by the club for its confirmatory benefits.

Two other scales were introduced because of theoretical interests derived from the taxonomy. Before discussing the results, some explanation is necessary as to general characteristics of the measures and their relevance to the study. First, the Machiavellian scale is conceived to be associated with the instrumental use of interpersonal relationship. Although there may be a negative connotation attached to the Machiavellian concept, the scale is designed to "neutrally measure" the propensity to use others as a vehicle to fulfill one's need.

Table 7-13 Comparison of Personality Configurations
Between the Forum and the Dialog Participants
(Means)

	Forum (N=156)	Dialog (N=120)	t-value
Locus of controls--internals (items 2 and 4 are reverse items)	4.16(0.90)	4.53(0.79)	3.59 ***
(5) In my case, getting what I want has little or nothing to do with luck.	3.82(1.62)	4.48(1.47)	3.53 ***
(1) Becoming a success is a matter of hard work; luck has little or nothing to do with it.	3.62(1.75)	4.33(1.79)	3.31 ***
(4) Most people don't realize the extent to which their lives are controlled by accidental happenings.	3.94(1.45)	3.49(1.43)	2.52 *
(2) It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.	2.70(1.57)	2.34(1.28)	2.10 *
(3) People's misfortunes result from the mistakes they make.	3.79(1.42)	3.98(1.58)	1.06
(6) In the long run, the bad things that happen to us are balanced by the good ones.	4.36(1.57)	4.40(1.49)	0.23
Machiavellian scale (items 8 and 9 are reverse items)	3.27(0.92)	3.17(0.93)	0.93
(9) There is no excuse for lying to someone else.	4.83(1.84)	5.20(1.68)	1.73
(11) It is hard to get ahead without cutting corners here and there.	3.45(1.68)	3.18(1.73)	1.26
(7) The best way to handle people is to tell them what they want to hear.	2.26(1.15)	2.38(1.40)	0.75
(8) One should take action only when sure it is morally right.	4.52(1.76)	4.59(1.77)	0.35
(10) Anyone who completely trusts anyone else is asking for trouble.	4.03(1.91)	4.08(1.94)	0.25
Dogmatism scale (reverse of open-mindedness)--Rokeach scale	4.23(0.77)	4.28(0.73)	0.53
(14) It is often desirable to reserve judgment about what's going on until one has a chance to hear opinions of those one respects.	5.18(1.50)	5.42(1.40)	1.32
(13) Most people just don't know what's good for them.	3.23(1.40)	3.05(1.39)	1.07
(15) Fundamentally, the world we live in is a pretty lovely place.	5.50(1.24)	5.60(1.32)	0.62
(12) Once I get wound up in a heated discussion I just can't stop.	3.02(1.58)	3.06(1.54)	0.21

Note 1. Each item is measured by Likert type seven point scale (1 for "strongly disagree" and 7 for "strongly agree").
2. Numbers in the parentheses are standard deviations.
3. Ns of the Forum subsample range from 151 to 156 and Ns for the Dialog subsample from 117 to 120 because of varying numbers of missing values among items.
4. Significant levels are indicated by asterisks:
$^{*}p<.05$ $^{**}p<.01$ $^{***}p<.001$

Conceptually, in the club where the social gathering itself has consummatory values, Machiavellian elements are more likely perceived to be detrimental. People with high scores on the scale are less attracted by a group like the Dialog, where the name of the game is "honesty." On the other hand, given its primary objective to use the human network as an instrument, Machiavellians are expected to be more strongly attracted by a circle type networking organization such as the Forum.

The result is shown in Table 7-13. The average score of the Machiavellian scale is slightly higher for the Forum participants as expected; but the difference between these two organizations is trivial ($t=0.93$, ns). Furthermore, which group has a higher score on each item is inconsistent.

As for the Rokeach scale, its users claims that it sheds light on how open or closed-minded people are. Dogmatism can be construed as a reverse scale for open-mindedness. Taking some of the characters of the circle such as open membership, brutal discussions, tolerance over diverse views, it is expected that more open-minded people are attracted by the circle rather than the club. Conceptually, the club is more closed than the circle. Accordingly, less openminded participants might populate the Dialog as opposed to the Forum. A potential danger of a long-standing peer group is that the group eventually could be transformed to a closed-minded, self-contained group. Since the Dialog imposes the dissolution rule, it must be fairly immune to this kind of pitfalls of the "pure" club-type . However, as an overall comparison, it is expected that the Dialog might attract people who are higher on the Rokeach scale. Its sample scale is "Once I get wound up in a heated discussion I just can't stop." The results suggest no difference exists between the Forum participants and Dialog members.

In summary, except for the locus of control results, differences in scores on personality scales between the Forum and the Dialog participants are negligible.The direction of differences tend to be as expected. The difference is clearer on the dimension of attitudes toward professionals in networking, and the differences are most definitive at the level of behavior. This suggests that focus on networking behavior rather than attitudes and personality will be more productive for future studies in entrepreneurial networking.

[B]ecause networks are semiprivate, partly hidden relationships, they change their nature when they are exposed.
Robert K. Mueller of ADL

"On the businessman's lunch we recommend the fish as particularly good food for networking."
From a cartoon in a Mainichi Daily News

Network, a messenger of unities
L.E. Sissman

CHAPTER VIII
CONCLUSION

Networking is a subtle action. So is a network. Both have become buzzwords. People in small businesses and those who are related to them talk about entrepreneurial networking. No matter how well-known it is as a buzzword (cf., Kahn, 1985) and how frequently we hear the term, there are very few systematic studies that carefully describe the nature of networking, particularly entrepreneurial networking.

This thesis was designed to fill a gap both empirically and theoretically. While networks and networking may still sound like mysterious, I believe that the thesis helps clarify their many meanings. Moreover, the findings generate questions to be further pursued while suggesting ways to conceptualize this social phenomenon.

Networking is needed for particular benefits. It is not another fad. It is not an ambiguous, overarching term to embrace every conceivable aspect to explain the so-called the "Massachusetts Miracle" (Lampe, 1988) or the "Massachusetts Comeback" (Dukakis & Kanter, 1988). Nor is it the answer for all forms of regional high-tech development as public policy analysts seem to assume (cf., OTA, 1984).

Both networking in action and networks as they occur are subtle and to varying degrees invisible. A "networking organization," in contrast, is more tangible because it often has a regular place to meet and other concrete supports such as a membership directory and newsletters.

Many networking organizations exist in the Greater Boston area for entrepreneurs to exchange information/resources and feelings/emotions. More than a dozen such networking organizations were identified at the outset of this study. The descriptions of two of them provide a differentiated view of networking organizations. As this thesis makes clear, there is not a single model (cf., Kadushin, 1968).

The major outcomes of the present study are twofold. They are interrelated. First, I have provided detailed descriptions of the birth, evolution, and functioning of two networking organizations. A networking organization is the vehicle through which one can regularly interact with others. The second outcome of this thesis was the theoretical taxonomy and analysis of two organizations. The descriptions of the Forum and the Dialog provided an empirical elaboration for the dimensions of the taxonomy and allowed for the interplay of the two types.

Summary of the Findings

1. The two organizations shed light on an interesting contrast of types of the working of networking organizations for entrepreneurs. They are selected for this thesis, because they seem to show contrasting points that might pave the way for theorizing. Deeper understanding of contrasts can tell us about what are major attributes or dimensions to describe entrepreneurial networking organizations. Discovery of the attributes was the aim of the quantitative portion of this study.

2. A taxonomy of circle and club types was constructed. The names of the two organizations nicely reflect their inherent contrasts. The MIT Enterprise Forum is an open *forum* in which every concerned individual can come and discuss the cases of the night. Its ideal type is a broader social *circle* of weakly connected people in a community. The Executive Dialog Program of SBANE (The Smaller Business Administration of New England) in essence provides a fairly well-protected social *club* whose membership is limited to those who really care about and are willing to take part in *dialogues* with other members. The taxonomy is not evaluative. It simply sheds light on key differences. The two ideal types are the empirical materials boiled down. Between these two polar extremes of the circle and the club lie various real-world networking organizations.

3. The attributes or dimensions to describe these two types of networking organizations are construed through interactions between conceptual and empirical planes of inquires. Without the help of

conceptual dimensions, the characteristics of networking organizations would not be clear. On the other hand, without empirical real-life references (i.e., identification of and collaboration with the two organizations), and these dimensions could not be tested. The taxonomy becomes corroborative through this process.

The conceptual differences between the circle and the club are: (1) conditions for entry (open membership or the lack thereof versus closed or limited membership); (2) basis of operation and procedures; (3) basis of ties and connections; and (4) salient benefits.

There are several subdimensions as well: high versus low turnover; low versus high time commitment; irregular and sporadic attendance versus regular and continued attendance; dominance of indirect interactions moderated through a chain effect versus dominance of direct interactions on a face-to-face basis; permeability of various sorts of outside resources and macro integration at the cost of lower internal cohesion versus higher internal cohesion at the cost of macro integration and of fewer connections with outside experts; and expansion through growth of a whole group versus expansion only though spawning new groups (whose size remains the same).

Basis of ties and connections also have subdimensions: weak versus strong ties; value variance versus value homophyly; participants' preference for diversity and discontinuity versus members' preference for common grounds and continuity; loose versus tight coupling. The ties and connections commonly found in the circle and the club , respectively, are perhaps related to the human needs "to fly" and "to be rooted" (Maki, 1977).

The circle is more like a tool for entrepreneurs; its benefits, therefore, are instrumental. The club has an inherent expressive and consummatory value for members. Benefits of each type are access to broader information and resources *for circle participants* , and a deeper dialogue among peers *for club members* . Dialogue may not bring in new information; but it may attribute new meaning to information already in hand. Another subdimension of benefits is an exchange of information at lower contexts versus confirmation of ideas at higher contexts (cf., Hall, 1976).

Overall, these contrasts were systematically confirmed by quantitative data drawn from a comparative surveys (although hard data are not necessarily available for all of the induced dimensions).

The following are the variables measured by the survey to compare the Forum with the Dialog: the initial motive to attend the Forum and the Dialog; benefits derived from each network; concrete impacts that resulted from contacts in and after the meetings; group atmosphere or climate; networking behavior in terms of multiple membership and time allocation to externally-oriented behavior; networking orientations or attitudes; and some personality traits (Rotter scale, Machiavellian scale, and Rokeach scale). The overall results are suggestive of the validity of the conceptual contrasts constructed from the qualitative analysis[1].

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[1]. It should be noted that personality does not explain the types of entrepreneurs attracted to each type. Among personality scales, only the Rotter's scale of the locus of control provides a notable finding which suggests that externals tend to choose the circle type, while internals prefer the club type.

4. Circle and club elements interact in a real-life organization. Further examination of details in the qualitative accounts of the Forum and the Dialog reveals that each networking organization, while representing one of these two "ideal" types, is nonetheless infused with some elements drawn from the opposing type in such a way that it suffers less from the pitfalls of a pure form than might be otherwise the case. A perfectly consistent pure form, paradoxically, can be weak. What is demanded for successful entrepreneurial networking is that there be a workable, productive interplay between the circle and the club. The interplay can happen between circle and club elements in a networking organization as well as between circle and club type networking organizations in a community.

Consider a facilitative club element in a circle type network. A circle could be easily too diluted without a strong core group that might be in itself more like a closed club inside the circle. (An example is the Executive Committee of the MIT Enterprise Forum, a highly selective body inside an open circle). Next consider a productive role of the circle element mingled in a club type network. A club could often be too closed and limited without some mechanism to recompose the membership periodically. Thus, the Dialog Groups have instituted a rule that stipulates every group be dissolved at the end of the Dialog year. The rule is responsible for creating turnover and bringing in new blood (although within the limits of SBANE membership). High turnover in each session is one of the attributes of the circle type.

Any taxonomy, however elaborated it may be (see Kadushin, 1968), must pay attention to such interplay between the elements of different categoric types.

Discussion of Conceptual Issues

Entrepreneurial networking is replete with paradox as noted in Chapter II. Most of the conceptual issues center around them. There are seven issues uncovered in this study. They follow.

1. Both the circle and the club networks seem to alleviate the interrelated paradox of entrepreneurship. Among seven paradoxes, fundamental is a tension between need for independence and reliance on others (Kets de Vries, 1977; 1985). It is often claimed in psychologically-oriented works that entrepreneurs become entrepreneurs mostly because they want to be on their own. The previous studies, thus, focus on their need for independence and their self-reliant (and even egoistic) orientation (Longenecker, McKinney & Moore 1988). However, entrepreneurs, after launching their own enterprises, usually find themselves in a situation where they must rely on others for critical resources to start up their businesses or beef up their current businesses. This is what is referred to as "the fundamental entrepreneurial paradox." Self-help networks, if they successfully handle professionals inside the networks, can conceivably resolve this paradox. The present study is suggestive of the possibility that situational support and social infrastructure of the circle and club help solve the paradox.

2. The inclusion of professionals in "peer" groups is another paradox because professionals may expand networking ties only at the risk of undermining the self-help efforts among peers. Originators of the Forum as well as those of the Dialog have emphasized that their programs were created by them to help "*us* entrepreneurs." The growing distrust of professionals and experts and the rise of self-help/mutual aid efforts among lay persons is a social trend on the most macroscopic level (cf., Illich,1970;1976; Black & Baumgartner, 1980; 1983; Black, 1984). The present study provides additional evidence that confirms this societal trend at a group/organization level in the area of "business." In the area of entrepreneurial networking, professionals are loathed because they potentially destroy the self-help spirit; but, at the same time, they are needed in order to speedily acquire a broad range of resources.[2]

3. The proper balance between diversity and commonality is also a challenge. If there are not common backgrounds or common interests, people don't gather. On the other hand, if participants of a networking organization are so close and similar to one another, they will not generate innovative ideas. In considering a diversity-homogeneity issue, an entrepreneurial community is comprised of various kinds of stakeholders. It is not made of entrepreneurs alone. There are venture capitalists, accountants, lawyers, consultants, engineers in a large corporation, and so forth. The Forum takes a balance, with a bent

2. It does not necessarily mean that people do not need professionals in their networks. The need for professionals, in a subtle way, was also described in the Forum and the Dialog.

toward diversity. The Dialog values homogeneity, while preserving some diversity.

4. and 5. The formalization paradox and expansion paradox are closely related. They are discussed in the organizational life cycle literature. The two paradoxes apply also to networking organizations. Newer forms of organizations are not immune to the liability of newness (Stinchcombe, 1965). In order to operate on a more sound and stable basis, they have to be formalized. Founders and other members may try to stabilize some aspects of activities. But they may do so at the risk of reducing innovation that comes from "newness."

Participants of the Forum have cautioned against creeping bureaucracy. Formalization is one of several dimensions of bureaucratization. The members of the Executive Committee of the Forum are keenly aware that the very success of the Forum (i.e., growth) could undermine some of the positive features of the original Forum. Among these features are its informal nature and group atmosphere prevailing at its formative period in 1978. The expansion of a group is a mixed blessing.

Dialog members are equally aware that there should be an upper limit on size in order to allow interactions to occur at a sufficiently deep level. Since the program had long remained "SBANE's best kept secret," its growth means the expansion of something secretive. The expansion of a secretive society is in itself a challenge, unless it is highly formalized and has some hierarchy in it (cf., Ayabe, 1988a). Consider, for example, the complicated process of initiation rites associated with a secretive society (cf., Eliade, 1958; Henderson, 1976). The founder of the Dialog, on the contrary, has emphasized that the program works because its format is simple and because its atmosphere is cozy and informal. Yet, as the number of SBANE members who sign up for the Dialog increases, the program has to begin with a "formal" dinner meeting with a prepared packet of rules and procedures (perhaps for initiation, in a metaphoric sense). Dialog copes with formalization and expansion paradoxes through the policy of "grow and divide." By this policy, the group size remains small to preserve the informal atmosphere in each group (if not for the formalized program as a whole).

6. Multiplicity also characterizes networking. Overlapping membership in seemingly similar networks is not just a meaningless overlap but a deliberate or natural overlap through which one can ensure reliable communication with others.[3] In other words, overlapping membership means an attempt to create multiple paths to a potential target person. If one cannot get connected with a target person in a certain networking organization, one may try another networking organization to see the person, or seek another person of equal qualities. If one's connection with a target person is so thin and weak in a specific networking organization, one may try another organization to build up a stronger tie with the person.

7. People need strong and weak ties. As a paradox in network analysis, the strength of weak ties is perhaps the most widely known.

[3]. To be accurate, the relationship between redundancy (multiplicity) and reliability is a trade off rather than a paradox.

If people want to fly, whether they are entrepreneurs, scientists, artists, or other creative maverick types, they also need a place to land, rest their wings, and even hide. The present study depicts these hypothesized two needs. Entrepreneurs can benefit from a place to confide and be healed in a "group-therapy-like" situation (as suggested in the Dialog case, from which the club type is induced), as well as from an open arena to exchange ideas, information, and resources to start up an enterprise (as suggested in the Forum, from which the circle type is induced).

Circles and clubs together can be of complementary. Together they satisfy needs to fly and needs to be rooted (Maki, 1977). People need weak and strong ties. So do entrepreneurs. We should not allow the paradox of "strength of weak ties" to underestimate the power of the "strength of strong ties." One can perhaps balance the strength of both weak and strong ties by multiple membership in both circle and club networks. They may not be efficient but they will be effective.

Questions for Further Research

1. As an alien in American society, I am perhaps overly-sensitized to keep cultural themes. Entrepreneurial networking is not just something straightforwardly American, but something paradoxically American.

As Tocqueville (1969) noticed in the early nineteenth century that Americans value individualism, but, at the same time, devote energy to social associations of various sorts such as town meetings, voluntary community activities, and ceremonies. This is puzzling. Americans do have such a marked tendency to form associations. There are, however, many factors which may have much to do with this tendency to form a circle or a club. Factors include sheer physical distance from family, ceaseless mobility in labor market (particularly at the executive level) and a strong emphasis on economic independence from one's family.

According to a recent study of American culture by Bellah et al. (1985), success, freedom (autonomy) and social justice (equal opportunity) are three recurring, cultural values in the society. All three are related to entrepreneurial endeavors. Entrepreneurship has a strong flavor of individualism. Entrepreneurial networking, thus, seems to be an amalgamation of an individualistic and collective orientation. This was why I labeled the entrepreneurial networking described in this study as *paradoxically* American. In view of the strong flavor of individualism evidenced by entrepreneurs, "American" entrepreneurs seem to have discovered a way to "melt" with others without jeopardizing their autonomy.

Why do social associations flourish in America? Perhaps the idealized reality of the "frontier" has forced people to help each other (Bellah et al., 1985). The frontier demands mutual aids. It also demands entrepreneurship in one form or or another. Also, America has been, for some, a melting pot. This has a dual effect on the formation of social gatherings. On the one hand, since the country is diverse in population, people must meet and work together regardless of background. The circle is needed. On the other hand, inside the melting pot, one needs to see similar types in order to avoid a sense of solitude. The club is needed. The simple argument here, obviously, is not sufficient even as a speculative notice. It suggests, however, the importance of a cultural theme that underlies the present study. This could be more systematically examined in future studies.

Mutual aid in a network, especially if the participants in the network are social equals, does not harm the self-help spirit. The notion of a self-help network (Maguire, 1983) holds a key for reconciling this (perhaps culture-laden) paradox. The key is the possible creating (or restoring) of a sense of community in the process of "entrepreneuring."

This speculation on cultural themes at a macro level can be explored only through cross-cultural comparison. For this respect, the casual encounters and more focused interviews with Japanese entrepreneurs indicate that such comparative analysis would be an intriguing next step in the present research.

In thinking of self-help networks, the spirit, as evidenced in Ralph Waldo Emerson's notion of "self-reliance" is, for instance, quintessentially American. It sounds a alien to the Japanese, especially for traditional Japanese. Interestingly, however, the idea of mutual aid, as compared with a self-help spirit, could easily be fitted to traditional Japanese values. It is conceivable that self-help/mutual aid networks for entrepreneurs would be quite possible in Japan, but that networking would be in a different manner. There actually exist many networking organizations for entrepreneurs in Japan widely known as *Igyoshu-koryu* , and there are also other groups of people who are interested in building "business incubators" that encompass entrepreneurial networks in addition to tenant buildings and shared tenant services for entrepreneurs. An international comparison would be helpful here.

In the literature, the notion of self-help is juxtaposed with that of mutual aid (Katz, 1981; and Katz & Bender. 1976). I have the term like a self help/mutual aid network in mind in conducting research and analyzing the results. However, in some ways, the studies that are needed would focus on entrepreneurs who do not join any form of network. From where does this sense of self-help or mutual aid derive? Do they perceive the need for either? How do they face the issues faces by participants and members of this study?

The club type of network appears to dominate in Japanese entrepreneurial communities. Trust, subtlety, and intimacy are three elements that are said to characterize Japanese companies (Ouchi, 1981). These elements are more amenable to the club type of association than the circle type. The stereotype is that Japanese entrepreneurs are better at, and feel more comfortable with, relying on strong ties in a mutual aid network, while these American counterparts, relatively speaking, are adept in exploiting the strength of weak ties. Weak ties may be less harmful to the spirit of self-help.

Congruent with this stereotyped image of the Japanese business milieu, a major complaint about Japanese entrepreneurial networks is that they easily shift toward a *nakayoshi* club (a pejorative term for "too clubby"). On the other hand, the founder of one of the most successful entrepreneurial network in Japan now experiments with his idea of converting his club into a "salon" with a dedicated core and a large number of more transient members.

As Ayabe (1988a; 1988b) has demonstrated, cultural differences between societies may be more salient in networking organizations and other forms of voluntary associations than in formal organizations.

Networking is based on "horizontal" relationships of equals, while "vertical" relationships, at least to the eyes of Nakane (1970), dominate Japanese interpersonal relationships. Her study argues that Japanese feel discomfort in situations where there is no obvious ranking available and hence avoid those situations (or convert them to ranked clusters on some arbitrary attribute such as age) and that even a person who is believed to be top-ranked is sensitive about the ranking of other members. It may mean that Japanese will not be comfortable with a peer group which, by definition, has no ranking. Taking the Japanese branch of JC (Junior Chambers of Commerce) as an example, its members clearly conceive this network as if there were a vertical hierarchy to climb. They do not regard it as a horizontal gathering of peers. There are various kinds of pecking orders in each and every committee inside the Japanese JC.

This sketchy observation suggests that generally American entrepreneurs may be better at networking than Japanese counterparts. On the surface, the stereotype of Japanese behavior looks viable with my cursory observations. To the contrary, both Tocqueville (1969) and Bellah et al. (1985) suggest that Americans feel more uncomfortable whenever put in ranked, stratified social situations (especially outside of a work environment) and thus try to avoid them in a community or gloss over status distinctions whenever possible. A systematic comparison appears to be promising.

2. Another extension of the present study is to further elaborate what an entrepreneurial networking means. One way to proceed is to enlarge the search for correlates of the circle and club types. These

concepts may be rooted in social phenomena beyond (perhaps "above") entrepreneurial networking. Social class, state support, level of industrial development, and communication technologies may all play a role here. Conceptual distinction may be important, too.

Among such concepts, a "fair" (as sharply different from "impersonal" market in neoclassical economics) seems promising as a parallel to circle. The very detailed historical analysis of the working of a "fair" is available (for instance, see a buried classic like Walford, 1883). Exchanges of information, ideas, and resources do not float in free space in a fair. They are embedded in social ties. Social ties are more personal in fairs than in marketplaces. Most intriguingly, fairs in history were closely associated with "show business," -- for instance, there was a puppet show at Sturbridge Fair in England. Walford pays attention to the document that prohibited such show businesses and pastimes like bull-baiting, bear-baiting, games at loggets and nine holes. This indicates that before prohibition the fair had been more playful and carried something of a show business element. This element is observed both in the Forum and the Dialog; but it is more salient in the Forum. In addition to a show business element, other conceptual attributes of a fair include: regular gathering time (e.g., the third Friday every month for fish); voluntary nature of associations (yet somewhat institutionalized); differentiated levels of commitment between "dealers" and "customers" (general participants); a size large enough to remain anonymous (but small enough to be acquainted with others); a place used for announcing events or for celebrating something good for the community; and so forth. Although other attributes overlap with those identified in my circle type, the above suggest that there may be other elements to be examined in the future studies.

Another idea that might help deepen the conceptual underpinnings of the club networks is that of "secret society." For instance, Simmel (1950) in his classical analysis of the role of secrecy in society, argued that "[t]he secret offers, so to speak, the possibility of a second world alongside the manifest world; and the latter is decisively influenced by the former" (p.330). Two kinds of secrecy are distinguished in Simmel's treatment of the subject: one is secrecy about a person's individual affairs (the extent to which one's "real self" is exposed to others in a social unit); the other is secrecy about the collectivity (the extent to which the very fact of existence of social gatherings is exposed to people outside of the social unit).

In this regard, the Dialog is interesting. The Dialog members share secrets in Simmel's first sense and the Dialog had remained "SBANE's best kept secret (in Simmel's second sense)" for a long time. Moreover, secrecy is a concept highly relevant to the tension between individualism and collectivism. Simmel (1950) touches on the issue frequently under the rubric "individuation." The secret, in the first sense, is related to individuation, while, in the second sense, it forms the very basis upon "secret society" is established. Inside the secret society, especially in the process of initiation, secrets of both types are revealed (Eliade, 1958; Henderson, 1967).

The two types of secrecy, therefore, are interrelated. I should also note that *cleave* is the origin of the word "club," and that *cleave* has two meanings: one is to "stick to" or "make insiders cohesive"; and another is "to divide" or "to split" (Ayabe, 1988b). Consider again

Granovetter's (1973) argument that strong-tie based networks create internal cohesion (the first meaning of secrecy and of *cleave*) but also bring about macro fragmentation (the second meaning of secrecy and of *cleave*).

The secrecy literature may help clarify the fundamental paradox of entrepreneurs in reconciling self-reliance with sought-reliance on others. What is "fair" for the circle type is what is a "secret society" for the club type. There are some attributes of secret societies, which may add dimensions to my taxonomy: an elaborate initiation rite to "test" a candidate's full commitment; a commonly held symbol to refer to the society (the compass in Freemason, for instance); a metaphor of meeting place as a shelter or a microcosms; crucifixion (or some punishment, at least) for those who reveal the confidential; the lack of overt recruiting; the superordinate vision shared by members to "change the world,"; and the co-existence of peer friendship and a hierarchical ladder. Other attributes of a secret society seem to overlap with those in the club taxonomy, such as long lasting relationships.

For example, "rotation" of sites for the sake of being hidden from view or of creating a "protected" environment. In some of the club type networks, hosts of social gatherings are rotated each time. "The rotating credit association," as Geertz (1962) calls it, is one such example. The same rule, interestingly, applies to the Dialog. It also applies to the early Rotary Club where "rotation" is the very reason for its naming.

A suggestion for future research therefore is to apply the concepts of "fair" and "secret society" to studies of networks and a way of if any meaningful links appear. Clearly, such studies need to be both conceptually sophisticated and empirically grounded.

3. Another potential cross-interest link might be realized by elaborating on Williamson's (1975) market-hierarchy dichotomy. The addition of "clan" (Ouchi, 1980) or "commune" (Butler, 1983) to the market-and-hierarchy framework is suggestive of the applicability of this approach. Networking organizations are more like clans or communes than pure forms of a market or a hierarchy.

With transactions in different cultures in mind, Boist (1986) introduces the dimensions of codifiability and diffusibility of informational exchange items. In his taxonomy, a networking organization called "federative" is better at dealing with uncodified and undiffused information than other types. A clan may be shifted to another type called "hierarchical feudal" type, if its transactions begin to deal with uncodified, but diffused information. It shifts toward the "market" cell, if its transaction items begin to be codified though remain highly diffused. The club type in our taxonomy is close to "hierarchical feudal" and the circle type may stand somewhere between the "federative" and "market."

These studies are, at best, suggestive of what may be missing in Williamson's too-simple framework.

There is a more market-like network that can occur without a meeting place such as a web of people connected by phone calls and networked personal computers. The contrast between dramaturgical formality and expressive commiseration as two of the notable dimensions in group atmosphere suggests that dramaturgical formality is more pertinent to the circle, and that the expressive commiseration is more germane to the club. Loose connections in the circle can be substituted by telephone calls and computer networks, especially when the exchanges can be done without contextual subtlety.[4] One of my interviewees characterizes her network as "my yellow page," meaning a quick way to find a person or an organization with needed resources. However, in order to make participants of the circle active and make them feel it necessary to meet in person (on a face-to-face basis) instead of just making phone calls, the circle may have to be equipped with dramaturgical elements.

4. Empirical progress might be made if entrepreneurs are compared to other types of individuals who are seemingly self-reliant yet still rely on others. Artists are candidates.

Take, for example, artists. Entrepreneurs are like artists in many respects. Artists are embedded in a social nexus comprised of art dealers, art critics, museum directors, manufacturers of the tools they use, and other support personnel. One cannot say that "this-or-that object" is of inherent artistic value. Rather it is a collective action of the concerned people in the social network that produces a judgement on a work as craft or art (Becker, 1982). Similarly, entrepreneurs rely on extensive ties that produce judgments about the "worth" of business plan. Moreover, both artists and entrepreneurs are believed to be acting on their own. Yet, they always have to link with others to become a creator -- at least, a creator of something other care about.

It seems that networking phenomena are not peculiar to entrepreneurs. Entrepreneurs could not exist without suppliers (cf.,

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[4]. The circle and the club can be characterized by low and high context cultures respectively, in the terminology of Hall (1976).

canvas manufacturer), laborers or job shops (cf., craftsmen and assistants), salesmen (cf., art dealer), venture capitalists (cf., wealthy individual art collectors, patrons, sponsors, or a museum directors), show rooms (cf., galleries), and so on. Entrepreneurs represent a type of creative occupation. The parallels between the entrepreneurial world and the art world suggest universal problems creative people face.[5]

Practical Implications

The present study has practical implications for entrepreneurs and some policy implications for planners who are responsible for regional entrepreneurial development. These seem worthy of comment.

1. The contrast of circle and club types provides organizers of entrepreneurial networks with a framework to delineate the overall character of their planned network. In the case of a naturally occurring network, the organizers could determine and tactically plan the "proper way" to influence its development. The framework has design parameters that the organizers can maneuver.

It is hard to influence the shape and nature of *networks per se,* because most of them are highly invisible (and still worse if exposed,

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[5]. One of the important differences between artists and entrepreneurs in their networking endeavor is that evaluation of performance is much clearer for entrepreneurs in a sense that if something is seriously wrong their firms go bankruptcy. Evaluation of performance standards for artists are not that clear. However, in the early stage of a company in an emerging industry, a firm can grow without getting its product out into the market. Artists may service their lifetimes without selling a piece of their work.

they may change). It is much more feasible to work on the format and other features of a *networking organization* .

Starting from the type of organization desired, some of the attributes in the taxonomic framework serve as design parameters. For instance, in considering the attribute or dimension of "entry," the planner/organizer of an entrepreneurial network may choose open membership versus closed or limited membership. Therefore, the seemingly arbitrary design issue such as how high to set the membership fee can have enormous impact on the nature and working of entrepreneurial networking.

Of course, not all networks are naturally occuring. Consider the introduction of New Venture Clinic into the Forum. Also think of the "group dissolution rule" in the case of the Dialog. Networking organizations can be designed to accomplish particular functions.

2. The second practical implication for entrepreneurs is to determine the "appropriate" organizations to belong to. They can use the circle and club framework and its dimensions to figure out what kind of organizations they should attend for their own purposes. The taxonomy might be useful for selecting the "right" combination of networking organizations to attend. For instance, if an entrepreneur participates in two organizations (without any deliberate thought) and realizes through application of the taxonomy, that both of them are club types, he or she might consider quitting one and attending a different organization that is closer to the circle type.

3. The clearer understanding of entrepreneurial networking has policy implications for regional high tech development. It also has implications for the creation of a "business incubators." In the arguments of regional economic development, technological infrastructure is regarded as almost identical with "entrepreneurial networks" (OTA, 1984). However, what entrepreneurial networks are and how they work is not often considered. A major sociological work of Silicon Valley (Rogers and Larsen, 1984) devoted one chapter to "networks" in the area, but without any "thick descriptions" of a particular networking organization or without considering the various kinds of networks that might exist.[6]

There is also an emerging concern over specific forms of business incubators that might be developed. Planners of incubators tend to highlight hardware-related aspects such as buildings and spaces, shared tenant services equipment for firms, and other services. However, incubators, in order to work effectively, must be more than a combination of abundant and cheap space and services. They have to be equipped with and supported by entrepreneurial networks (cf., Smilor and Gill, 1984). This study provides planners, organizers, and/or coordinators of business incubators with the caution that incubators without human networks will remain weak. The description on networking organizations could help shape their ideas on how to incorporate network mechanisms into business incubators.

6. Home Brew Computer Society is described. Its description is not so detailed from ethnographic standpoint.

A Final Note

Among all of the findings reported here, what are distinctive to "entrepreneurial" networking? Put in reverse, what findings are universal? I have discussed my research with people weakly linked to me, especially those who are not in business, I have been impressed that what I have observed for "entrepreneurial" networking applies to non-business settings such as in science, engineering, medical profession, legal service, show business.

Among the discussants is a friend who is a photo artist. She has been an art critique in several journals and now is about to assume the directorship of a museum in a medium-sized community in Japan. The art world metaphor becomes most salient after discussions with her. If most of the challenges of "entrepreneurial" networking seem to be found in the "art world," the most essential question of my future research is to what extent my taxonomy is universal.

As a layperson once told me in reaction to my study, even a seventeen year old girl knows a way to broaden her world is by a "blind date" (the circle mode) and the way to stay within and nurture a smaller world is to follow a "steady relationship" in a discrete way (the club mode). My academic colleagues make remarks that they, as "academic" entrepreneurs face problems similar to the Forum and the Dialog insiders. Academics have their own circles and clubs. Apparently, the results seems to apply to many other settings where people seek something new. However, systematic efforts will have to be made to clarify what is really "unique" to entrepreneurial networking.

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APPENDICES

Appendix 1. Interview Guideline for the Forum study

Guideline For Interviews With Members of
Executive Committee of the M.I.T. Enterprise Forum

Name of the interviewee:___________________
Date of the interview:___________________
Place:___________________

** How have you become involved in the M.I.T. Enterprise Forum?

-(In the case of the founder of the Forum) are you one of the founders of the Forum?

-When were you first becoming a member of the committee? (In the case of the founding member) how did you come up with the idea of the Forum?

** According to your observation, what kinds of people are gathering at the monthly case presentation meeting?

-How do you categorize these people?

-Who benefit from these gatherings in what sense?

-Do you observe the change over time in terms of the nature of participants?

** How could you describe the founding mission of the Forum? (In the case of nonfounders, omit the first three questions)

-Who initiated the establishment of the Forum in Cambridge?

-Who organized the major players in this entrepreneurial community?

-Have you observed the change in or the evolution of the aims and functions of the Forum?

-Related to the above, how do you describe the current functions of the Forum?

** Next I would like to ask you to assess the impact of the Forum since its inception?

-Could you tell me some of the illustrative cases which shows what the Forum has been explicitly or implicitly achieved?

-As far as I observe it, the human contacts facilitated by the Forum might help entrepreneurs make their ideas happen. Could I think of the Forum as a kind of network-creating organization? How would you comment this (as an entrepreneur or a venture capitalist --specify)?

-What are some of the other benefits the Forum has offered in addition to those things discussed earlier?

** I would like to ask some questions on how the Forum organized its activities?

-How could you find the entrepreneurs who make case presentation at the monthly meetings?

-(In the case of venture capitalist only) What specific roles are you as a venture capitalist playing in finding the right entrepreneurs for presentation?

-How do you select the right presenter? What are the criteria used in selection? What dose the selection process look like?

-By selecting those people you may have your own way of classifying entrepreneurs? If you have any of such a classification scheme or categories for entrepreneurial types, could you explain about this?

-How do you select and organize such a diverse sponsoring organizations?

** What do you think of the future challenges for the Forum? How do you compare the Cambridge Forum with the ones located in other areas?

-What are the future challenges for the Forum?

-How do you compare the Cambridge Forum with the M.I.T. Enterprise Forum located in other areas? How do you characterize the Greater Boston area in contrast with, for example, Silicon Valley? What are the things unique to this community which attract you? In other words why did you locate your business here?

-How many years have you lived in this area (Greater Boston area)?

-Who are the most influential persons in this entrepreneurial community if you are asked to pick up the most influential five people except for yourself?

-What would you think of the possibility of establishing this kind of organization in other countries?

**I would like your comments on other networking organizations.

-What are other networking mechanisms in this area worth mentioning?

-How do you comment on, for example, the 128 Venture Group, and (name some of the names of the organizations mentioned by the interviewee)?

Appendix 2. Interview Guideline for the Dialog study

Interview with ________________________
At ________________________
Date/time ________________________

<u>The Brief Explanation of the Study</u>

- Entrepreneurship
- This area
- Organizational supporting mechanisms
- My thesis topic is broadly defined as entrepreneurial networking (if asked).
- Interview objective: twofold

    1) Get background information to describe the case analysis of the Dialog Group

    2) Get relevant information to make the questionnaire survey more realistic and meaningful

<u>Involvement</u>

- How many years have you been involved with SBANE activities in general and the Dialog Program in particular?

- How and by whom first did you know about the Dialog Program? [Is that through you friend or ...?]

- How did you become involved with the Dialog Group?

    - What were the initial motives to become a member of the Dialog Group?

    - When was that?

- According to your observation, what kinds of people have been attracted by the Dialog Groups? How could you characterize those who are the members of the Dialog Groups of SBANE?

Your own group

- You used to be, or still is a group coordinator; is that correct? What is the role of and functions of the group coordinator?

- What is the mission or the objective of your Dialog Group that you are currently involved with?

- How could you describe the characteristics of the members of your Dialog Group?

    - What does your group look like in terms of the configuration of group members and the size of the group?

- Do you have any say in selecting your peers in your group at the time when you meet first in September? Or the SBANE headquarters take care of allocation of participants in the Dialog Program to groups?

- Have you observed any kinds of changes in functions of the Dialog Group over time?

Effectiveness/benefits

- In your opinion, what are the major benefits members are getting from the Dialog Group?

- Could you give me some salient, illustrative examples of the benefits you have get from your Dialog Group experiences?

- Could you elaborate upon the benefits of the Dialog Groups (in terms of:

    - sharing of ideas/information/experiences
    - advice
    - contacts (direct/indirect)
    - alleviation of entrepreneurial solitude
    - long term relationship)

[Do not mention each item, as long as the interviewee continuously picks up the points related to benefits.]

- In your opinion, what are some of the factors that maximize the benefits or effectiveness of the Dialog Group? What are the determinants of its group effectiveness?

  - Could you elaborate upon those items you have mentioned? [Does he or she cover such items as:
    - group size
    - group composition
    - leadership and etc ?]

- Could you described the typical issues discussed in the Dialog Group?

  - Can I get some examples of the copies of agenda, or meeting notice letter, or other written stuffs like the article in the Enterprise, if your group have any of those things?

Procedures

- Could you explain the procedures and processes that underlie the Dialog Program?

  - Julie gave me the copy of the document on the "Typical Meeting Format." But, still are there any other things that I should know about the nuts and bolts of the format?

- What are the relationship between a group and other groups in the Dialog Program?

- What are the common factors you can find in ground rules of various groups?

  - What are the distinctive features of the ground rules you have set for your group?

  - Among various items in ground rules, could you comment on confidentiality?

- Creation of long term relationship is one important aspect of the Dialog Group; but the group basically dissolves after one year. Are there any procedures that facilitate the long term relationship with members of the group after it breaks up at the end of the cycle?

- As for the relationship between your group and the SBANE headquarters, how do you give feedback to Julie, if there's something worth mentioning?

  - Is there a form for that purpose?

  - The group coordinator is an linkage between his or her group and SBANE headquarters. Then, how could you comment on the Dialog Committee?

Future challenges and the Greater Boston area

- What are the major future challenges and problems for the Dialog Program?

- This area is interorganizationally so rich in a sense that there exists a variety of organizations that support entrepreneurship like SBANE, MIT/EF, BCS, 128 VG. Are you also attending some of those organizations?

- How many years have you been in the Greater Boston area?

Others

- [Snowballing interviewees for the second round] I would like to have successive interviews with people inside the Dialog Groups to learn more about this program from diverse perspectives.

  - Are there any other persons that you think I should have a talk with? Whom would you recommend? [maybe a member of your group or maybe a person in.a different group]

  - Tracing back the history of the Dialog Group, it has been around for fifteen years or so. Do you know any person who was involved in the very embryonic stage of the Dialog Group Program?

- [Your business and company] Are there the things I should know about your current business issues in your company so that I could more clearly understand what I have learned from you?

- [Suggestion for questionnaire survey] I am planning to conduct a short questionnaire survey for members of the Dialog Groups in the near future after having a number of interviews with its members like today.

  -Would suggest any items of your interest you´d like to know that I can include my questionnaire?

Thank you very much.

Appendix 3. The Field-Administered Questionnaire in the Forum pilot study

THE M.I.T. ENTERPRISE FORUM PARTICIPANTS SURVEY

This is a survey of Enterprise Forum monthly session participants. It is aimed at learning who are attending the sessions, and what objectives they have in mind. The results will be analyzed at an aggregated level. Individual response will be kept confidential. The survey is conducted for academic purposes by a researcher from the Sloan School of Management, M.I.T. Aggregated result will be reported to the executive committee of the M.I.T. Enterprise Forum. Your cooperation is appreciated. Please answer the items below and place this sheet in the box at the door of this room. Thank you for your cooperation.

1. When did you first attend this monthly session?
   Month_______ Year_19_______

2. How did you first know about the M.I.T. Enterprise Forum? Please choose the number from below:___
   (1) through close friends, (2) through an acquaintance, (3) through advice from professionals, (4) through a pamphlet or brochure, (5) through annual workshop (6) other(   )

3. How frequently do you attend the monthly sessions?
   ______times a year. (There are ten monthly sessions a year).

4. Please check the item below which most appropriately represents you.
   Business
   - [ ]Entrepreneur [ ]Company Employee
   - [ ]Potential Entrepreneur

   Financial
   - [ ]Banker [ ]Venture Capitalist
   - [ ]Individual Investor [ ]Underwriter

   Professional and Services
   - [ ]Lawyer [ ]Accountant
   - [ ]Consultant [ ]Other services(   )

   University-affiliated
   - [ ]Professor [ ]Staff
   - [ ]Student

   Others
   - [ ](   )

5. Generally (not specific to today's session) how important do you think each of the potential benefits of the monthly sessions is to you? Please circle the appropriate number for each item.

	not at all important						extremely important
(1) learning about entrepreneurial experience	1	2	3	4	5	6	7

(To be continued on the reverse side)

	not at all important						extremely important
(2) learning about a specific industry	1	2	3	4	5	6	7
(3) keeping track of directions in technology development	1	2	3	4	5	6	7
(4) meeting with friends and acquaintances	1	2	3	4	5	6	7
(5) creating broader contacts with new people	1	2	3	4	5	6	7
(6) exploring alternative career opportunities	1	2	3	4	5	6	7

6. If you are a member or an active participant of other organizations which also focus on entrepreneurship, small business, or both, please check the items below.

[ ] SBANE (Smaller Business Association of New England)
[ ] BCS (Boston Computer Society)
[ ] 128 Venture Group
[ ] YPO (Young President Organization)
[ ] RMA (Research Management Association)
[ ] ACE (Association of Collegiate Entrepreneurs)
[ ] Small Business Development Center
[ ] MHTC (Massachusetts High Tech Council)
[ ] Boston chapter of any trade organizations(   )
[ ] Boston chapter of any professional organizations(   )
[ ] Other(   )

7. Age ____ , __male__female
Are you living in the Greater Boston area? __Yes__No.
If yes, years living in this area ____years
Are you affiliated with M.I.T.? __Yes__No.

8. This survey is a part of the larger study on entrepreneurial networking. If you would you be willing to further participate in that study by completing a longer standardized questionnaire, please write your name and address below. Otherwise, please leave the lines below blank.

Name ____________________

Address ______________________________________

Thank you very much for your cooperation.
Please return this to the box near the door of this room.

Toshihiro Kanai
Sloan School of Management
Massachusetts Institute of Technology

Appendix 4. Questionnaire Survey for Systematic Comparison

Appendix 4a. The Questionnaire For the Forum Participants
Appendix 4b. The Questionnaire For the Dialog Members
Appendix 4c. The Questionnaire For the ex-Dialog Members

4 Listed below are statements which may or may not describe the atmosphere of the Forum's monthly sessions. Please indicate the degree to which each statement is an accurate description of the *recent* sessions by circling the appropriate number in each item.

	not at all accurate		somewhat accurate				very accurate
(1) Anyone wishing to enter the group is welcome.	1	2	3	4	5	6	7
(2) People put on their best face in the meeting.	1	2	3	4	5	6	7
(3) There are many common concerns.	1	2	3	4	5	6	7
(4) One can not expect long-term relationships with participants.	1	2	3	4	5	6	7
(5) The discussion can be brutal.	1	2	3	4	5	6	7
(6) In the meeting people may express worries and anxiety.	1	2	3	4	5	6	7
(7) It has elements of group therapy.	1	2	3	4	5	6	7
(8) Some participants are always saying the same things.	1	2	3	4	5	6	7
(9) The session is like a stage on which people perform.	1	2	3	4	5	6	7
(10) People in the meeting are very similar to one another.	1	2	3	4	5	6	7
(11) Some participants know more than others about what's really going on.	1	2	3	4	5	6	7
(12) The meeting is informal.	1	2	3	4	5	6	7
(13) Participation in the group aids in business/professional advancement.	1	2	3	4	5	6	7
(14) Some participants are interested in altogether different things than other participants.	1	2	3	4	5	6	7
(15) The rules or norms that govern the meeting are ambiguous.	1	2	3	4	5	6	7

5a The following items describe potential impacts of the Forum's monthly sessions. Please check any items that represent a result of your Forum experiences.

(1) I changed my business strategy. [ ]
(2) I identified a new market. [ ]
(3) I was introduced to people in the financial community. [ ]
(4) I made a significant hire. [ ]
(5) I avoided a costly mistake. [ ]
(6) I found somebody whom I admire as an entrepreneur (role model). [ ]
(7) I developed new business. [ ]

5b Overall, how strong has the impact of the Forum experiences been on your business/profession? Please circle the appropriate number.

very weak			somewhat			very strong
1	2	3	4	5	6	7

5c Would you like to attend the Forum's monthly sessions next year?

[ ] Yes [ ] No [ ] Don't know

E52-532
Sloan School of Management
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

Toshihiro Kanai
Research Associate

Telephone: (617) 253 4935

MIT ENTERPRISE FORUM PARTICIPANT SURVEY

Questions 1 through 7 deal with the MIT Enterprise Forum, especially its monthly sessions.

1 How did you first find out about the MIT Enterprise Forum? Please check the one item below that *best describes your case*.

[ ] **through a close friend**
[ ] **through advice from professionals**
[ ] **through a pamphlet or brochure**
[ ] **through other functions of the Forum**
[ ] **through a rather remote acquaintance**
[ ] **through a business partner**
[ ] **through the Forum's annual workshop**
[ ] **other** (please specify _______________)

2a The following refer to your involvement with the MIT Enterprise Forum in general and with its monthly case presentation sessions in particular.

(1) What year did you start to subscribe to the Forum Reporter? 19____

(2) How frequently do you attend the Forum's monthly sessions? ______ times per year (out of ten)

(3) How many years in total have you attended the Forum's monthly sessions? ______ years

2b Among various programs and activities offered by the MIT Enterprise Forum, with which have you been actively involved? Please check all relevant items below.

[ ] **Annual Workshop**
[ ] **New Venture Clinic**
[ ] **Joint Sessions with BCS**
[ ] **Monthly Case Presentation Sessions**
[ ] **other** (please specify _______________)
[ ] **IAP Seminar**
[ ] **Spring Seminar (new, this year)**
[ ] **Subscription to the Forum Reporter**
[ ] **Job Fair for Small High Tech Companies**

3 To what extent are the following items true of your *initial* (not current) motives or expectations about the Forum's monthly case presentation sessions. Please circle the appropriate number for each item listed.

I initially attended the Forum's sessions because of:	not at all true			somewhat true			very true
(1) chances to learn from others' experiences.	1	2	3	4	5	6	7
(2) a bigger picture I could get beyond day-to-day operations.	1	2	3	4	5	6	7
(3) expected access to more resources.	1	2	3	4	5	6	7
(4) my desire for friendship and socializing.	1	2	3	4	5	6	7
(5) an opportunity to discuss my problems with others.	1	2	3	4	5	6	7
(6) my desire to avoid reinventing the wheel for problems others had already solved.	1	2	3	4	5	6	7

5d All in all, how satisfied are you with the Forum's monthly sessions with respect to the following items? Please circle the appropriate number for each item.

	very dissatisfied						very satisfied
(1) structure (format) of the meeting	1	2	3	4	5	6	7
(2) composition (members) of the group	1	2	3	4	5	6	7
(3) group atmosphere or climate	1	2	3	4	5	6	7
(4) overall experiences	1	2	3	4	5	6	7

6 The items below describe benefits that one can reap from experiences of the Forum's monthly sessions. Please indicate, (a) how *often* the Forum provides each benefit, and (b) how *important* each is to you, by circling the appropriate numbers. Please make sure the entire question focuses on *current* benefits for you.

	(a) How often					*(b) How important*				
	never		some-times		always	not at all important				very important
(1) knowledge about somebody else's business	1	2	3	4	5	1	2	3	4	5
(2) alleviation of solitude	1	2	3	4	5	1	2	3	4	5
(3) learning through real cases	1	2	3	4	5	1	2	3	4	5
(4) a feeling of commonality	1	2	3	4	5	1	2	3	4	5
(5) testing my ideas in front of others	1	2	3	4	5	1	2	3	4	5
(6) broader contacts with new people	1	2	3	4	5	1	2	3	4	5
(7) ideas that can be applied to my situation	1	2	3	4	5	1	2	3	4	5
(8) keeping track of technology developments	1	2	3	4	5	1	2	3	4	5
(9) exploring alternative career opportunities	1	2	3	4	5	1	2	3	4	5
(10) developing strong social ties and relations	1	2	3	4	5	1	2	3	4	5
(11) reinforcement of the feeling of self-worth	1	2	3	4	5	1	2	3	4	5
(12) informal marketing device	1	2	3	4	5	1	2	3	4	5
(13) sharing business experiences	1	2	3	4	5	1	2	3	4	5
(14) exposure to strategic thinking	1	2	3	4	5	1	2	3	4	5

7 The following three items represent one way to describe benefits derived from experiences of the Forum's monthly sessions. Please indicate the relative importance of each item by allocating a total of 100 points among them.

(1) **EXPRESSIVE** Expressing your own concerns, feelings, and problems to others and listening empathically to theirs. ______

(2) **CONFIRMATORY** Trying to use others' experiences and advice to confirm that what you are doing is correct and proper. ______

(3) **INSTRUMENTAL** Making use of others as a practical resource to achieve your objectives. ______

Total 100

Questions 8 and 9 deal with your relationship with other external resources and your work pattern.

8 If you (a) have been *aware of*, (b) had been *active (in the past)* in, or (c) are *currently active* in other organizations in the Greater Boston area which also focus on entrepreneurship and small businesses, please check the items below. Otherwise, leave a given space blank.

	(a) *aware of*	*(b)* *active in the past*	*(c)* *now active*
SBANE (Smaller Business Association of New England)	[ ]	[ ]	[ ]
BCS (Boston Computer Society)	[ ]	[ ]	[ ]
128 Venture Group	[ ]	[ ]	[ ]
YPO (Young Presidents' Organization)	[ ]	[ ]	[ ]
RMA (Research Management Association)	[ ]	[ ]	[ ]
ACE (Association of Collegiate Entrepreneurs)	[ ]	[ ]	[ ]
MSBDC (Mass. Small Business Development Center)	[ ]	[ ]	[ ]
MHTC (Mass. High Technology Council)	[ ]	[ ]	[ ]
AIM (Associated Industries of Mass.)	[ ]	[ ]	[ ]
NEWBO (New England Women Business Owners)	[ ]	[ ]	[ ]
Local chamber of commerce	[ ]	[ ]	[ ]
Local chapter of Rotary Club	[ ]	[ ]	[ ]
Local chapters of any trade associations (please specify ______________________)	[ ]	[ ]	[ ]
Local chapter of any professional associations (please specify ______________________)	[ ]	[ ]	[ ]
Other organizations for entrepreneurship and small businesses (please specify ______________________)	[ ]	[ ]	[ ]

9 Please indicate the relative proportion of your work time over the past year devoted to internal and external activities of your business/professional organization.

(a) INTERNAL:
planning, scheduling, coordinating and supervising people inside the organization, and other internally-oriented activity ______ %

(b) EXTERNAL:
public relations, meeting with customers and other people outside the organization, attending professional and trade organization meetings, and other externally-oriented activity ______ %

Total 100 %

Questions 10 through 12 deal with your preferences, beliefs, and opinions.

10 The following statements concern your preferences and behavior in group settings. Please indicate the extent to which you agree with each of the following items in your approach to the Forum's monthly sessions.

	strongly disagree			neither agree nor disagree			strongly agree
(1) I prefer associating with people I know rather than seeking out new people.	1	2	3	4	5	6	7
(2) My interpersonal network provides me with accessible role models.	1	2	3	4	5	6	7
(3) High turnover in groups is desirable.	1	2	3	4	5	6	7
(4) I am reluctant to seek help from others.	1	2	3	4	5	6	7
(5) To be effective, a group must have continuity of membership (participation) over several years.	1	2	3	4	5	6	7
(6) It is better to talk to a person who has tackled the same problems I'm having than talk to professionals.	1	2	3	4	5	6	7
(7) If we are diverse, we wouldn't have common things to discuss.	1	2	3	4	5	6	7
(8) Professionals and/or consultants are valuable additions even to a self-help group.	1	2	3	4	5	6	7
(9) I'd like to be in a group comprised exclusively of persons like me.	1	2	3	4	5	6	7
(10) I expect my friends to return the favors I've done for them as soon as they possibly can.	1	2	3	4	5	6	7
(11) A loosely connected human network serves as a fast Yellow Pages for me.	1	2	3	4	5	6	7
(12) I do not like to rely on others.	1	2	3	4	5	6	7
(13) I consider the people I met in any group a part of my network.	1	2	3	4	5	6	7
(14) Friends are important because of the connections they provide.	1	2	3	4	5	6	7

11 We all have a way of thinking about the events and behaviors that we participate in or observe. Think of "networking" from your own viewpoint, and please indicate your ideas about it, by checking the appropriate point on the scale for each of the following items.

Networking is:

[Example (0) stable ___:___:___:___:___:_✓_:___: unstable]

(1) free ___:___:___:___:___:___:___: constrained
(2) passive ___:___:___:___:___:___:___: active
(3) unfair ___:___:___:___:___:___:___: fair
(4) valuable ___:___:___:___:___:___:___: worthless
(5) fast ___:___:___:___:___:___:___: slow
(6) good ___:___:___:___:___:___:___: bad
(7) weak ___:___:___:___:___:___:___: strong
(8) exciting ___:___:___:___:___:___:___: calming
(9) light ___:___:___:___:___:___:___: heavy
(10) spacious ___:___:___:___:___:___:___: constricted

12 Listed below are a number of statements. Each represents a commonly held opinion and there are no right or wrong answers. Please indicate the extent to which you agree or disagree by circling the appropriate number.

	strongly disagree			neither agree nor disagree			strongly agree
(1) Becoming a success is a matter of hard work; luck has little or nothing to do with it.	1	2	3	4	5	6	7
(2) It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.	1	2	3	4	5	6	7
(3) People's misfortunes result from the mistakes they make.	1	2	3	4	5	6	7
(4) Most people don't realize the extent to which their lives are controlled by accidental happenings.	1	2	3	4	5	6	7
(5) In my case, getting what I want has little or nothing to do with luck.	1	2	3	4	5	6	7
(6) In the long run, the bad things that happen to us are balanced by the good ones.	1	2	3	4	5	6	7
(7) The best way to handle people is to tell them what they want to hear.	1	2	3	4	5	6	7
(8) One should take action only when sure it is morally right.	1	2	3	4	5	6	7
(9) There is no excuse for lying to someone else.	1	2	3	4	5	6	7
(10) Anyone who completely trusts anyone else is asking for trouble.	1	2	3	4	5	6	7
(11) It is hard to get ahead without cutting corners here and there.	1	2	3	4	5	6	7
(12) Once I get wound up in a heated discussion I just can't stop.	1	2	3	4	5	6	7
(13) Most people just don't know what's good for them.	1	2	3	4	5	6	7
(14) It is often desirable to reserve judgment about what's going on until one has a chance to hear opinions of those one respects.	1	2	3	4	5	6	7
(15) Fundamentally, the world we live in is a pretty lovely place.	1	2	3	4	5	6	7

Question 13 deals with your experiences and career.

13 Please fill in the appropriate number or check the appropriate boxes for the following items. (As described in the letter, all of your responses will be kept strictly confidential).

(1) Age ________ , [ ] male [ ] female

(2) How many of the last twenty years have you lived within 50 miles of Boston? ________ years

(3) How many years have you been involved in small businesses? ________ years

How many years in big business? ________ years

(4) What is the highest grade in school you completed? Please check the appropriate item below.

[ ] **some high school education**	[ ] **high school completion**
[ ] **some college, no degree**	[ ] **associate degree**
[ ] **bachelor's degree**	[ ] **some graduate work**
[ ] **masters degree**	[ ] **doctoral degree**

Were you trained as an engineer at some time during your career? [ ] Yes [ ] No

(5) What is your company or firm like?

Number of employees: ____________ persons. Approximate sales: $ ____________ K (thousand)

(6) Did you start or acquire the company you now work in?

[ ] **I started the company.**	[ ] **I acquired the company from others.**
[ ] **I'm in my family's business.**	[ ] **I'm planning to start up my own business.**
[ ] **I work for someone else**	

How many companies have you started? ____________

(7) Please check <u>one</u> item from below which *most closely represents you.*

[ ] **manufacturing entrepreneur**	[ ] **R & D oriented entrepreneur**
[ ] **service business entrepreneur** (e.g., printing)	[ ] **wholesale and distribution**
[ ] **financial (e.g., banker, venture capitalist)**	[ ] **professional service (e.g., lawyer, CPA, consultant)**
[ ] **company employee**	[ ] **MIT student, staff, or professor**
[ ] **other** (please specify ____________)	

To be more specific, how would you briefly describe your particular business area (for example, 'machine tool manufacturer') ? ______________________

(8) Overall, are you satisfied with your own career? Please circle the appropriate number.

very dissatisfied	somewhat dissatisfied	slightly dissatisfied	neutral	slightly satisfied	somewhat satisfied	very satisfied
1	2	3	4	5	6	7

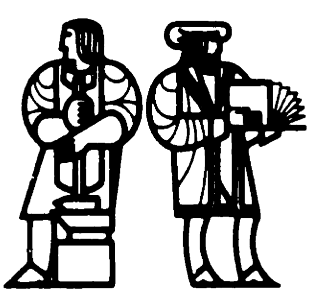
(9) (*For professional service providers only*) How many years of experience do you have in your profession as an accountant, a lawyer, a consultant, or other (please specify ____________) ?

__________ years.

(10) Are you affiliated with MIT? [ ] Yes [ ] No If yes, how? ____________

(11) Have you ever presented your company at a Forum's monthly session? [ ] Yes [ ] No

14 Any comments or suggestions about the future challenges for the MIT Enterprise Forum?



____

THANK YOU ONCE AGAIN!

E52-532
Sloan School of Management
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

Toshihiro Kanai
Research Associate

Telephone: (617) 253 4935

SBANE'S EXECUTIVE DIALOG PROGRAM
PARTICIPANT SURVEY

Questions 1 through 7 deal with SBANE, especially the Executive Dialog Program.

1 How did you first find out about SBANE? Please check the <u>one</u> item below that *best describes your case.*

[ ] **through a close friend**
[ ] **through advice from professionals**
[ ] **through a pamphlet or brochure**
[ ] **through SBANE's marketing representative**
[ ] **through a rather remote acquaintance**
[ ] **through a business partner**
[ ] **through other SBANE functions**
[ ] **other** (please specify ______________)

2a The following refer to your involvement with SBANE in general and with the Executive Dialog Program in particular.

(1) What year did you become a member of SBANE? 19____

(2) What percentage of your Dialog Group's meetings did you attend? Approximately ______ %

(3) How many years in total have you attended a Dialog Group? ______ years

2b Among various programs and activities offered by SBANE, with which have you been actively involved? Please check all relevant items below.

[ ] **Live-in-seminar**
[ ] **New England Business Conference**
[ ] **Roundtable**
[ ] **Dialog**
[ ] **Insurance**
[ ] **Seminars/briefings**
[ ] **Business PM**
[ ] **Breakfast/chapter meetings**
[ ] **Legislative activities**
[ ] **other** (please specify ______________)

3 To what extent are the following items true of your *initial* (not current) motives or expectations about the Executive Dialog Program. Please circle the appropriate number for each item listed.

I first signed up for the Dialog because of:	**not at all true**			**somewhat true**			**very true**
(1) chances to learn from others' experiences.	1	2	3	4	5	6	7
(2) a bigger picture I could get beyond day-to-day operations.	1	2	3	4	5	6	7
(3) expected access to more resources.	1	2	3	4	5	6	7
(4) my desire for friendship and socializing.	1	2	3	4	5	6	7
(5) an opportunity to discuss my problems with others.	1	2	3	4	5	6	7
(6) my desire to avoid reinventing the wheel for problems others had already solved.	1	2	3	4	5	6	7

4 Listed below are statements which may or may not describe the atmosphere of the Dialog Group you have attended this year. Please indicate the degree to which each statement is an accurate description of the group by circling the appropriate number in each item.

	not at all accurate			somewhat accurate			very accurate
(1) Anyone wishing to enter the group is welcome.	1	2	3	4	5	6	7
(2) People put on their best face in the meeting.	1	2	3	4	5	6	7
(3) There are many common concerns.	1	2	3	4	5	6	7
(4) One can not expect long-term relationships with members.	1	2	3	4	5	6	7
(5) The discussion can be brutal.	1	2	3	4	5	6	7
(6) In the meeting people may express worries and anxiety.	1	2	3	4	5	6	7
(7) It has elements of group therapy.	1	2	3	4	5	6	7
(8) Some participants are always saying the same things.	1	2	3	4	5	6	7
(9) The session is like a stage on which people perform.	1	2	3	4	5	6	7
(10) Members of the group are very similar to one another.	1	2	3	4	5	6	7
(11) Some members know more than others about what's really going on.	1	2	3	4	5	6	7
(12) The meeting is informal.	1	2	3	4	5	6	7
(13) Membership in the group aids in business/professional advancement.	1	2	3	4	5	6	7
(14) Some members are interested in altogether different things than other members.	1	2	3	4	5	6	7
(15) The rules or norms that govern the meeting are ambiguous.	1	2	3	4	5	6	7

5a The following items describe potential impacts of the Executive Dialog Program. Please check any items that represent a result of your Dialog experiences.

(1) I changed my business strategy. [ ]
(2) I identified a new market. [ ]
(3) I was introduced to people in the financial community. [ ]
(4) I made a significant hire. [ ]
(5) I avoided a costly mistake. [ ]
(6) I found somebody whom I admire as an entrepreneur (role model). [ ]
(7) I developed new business. [ ]

5b Overall, how strong has the impact of Dialog experiences been on your business/profession? Please circle the appropriate number.

very weak			somewhat			very strong
1	2	3	4	5	6	7

5c Would you like to sign up for the Executive Dialog Program next year?

[ ] Yes [ ] No [ ] Don't know

5d All in all, how satisfied are you with the Executive Dialog Program with respect to the following items? Please circle the appropriate number for each item.

	very dissatisfied						very satisfied
(1) structure (format) of the meeting	1	2	3	4	5	6	7
(2) composition (members) of the group	1	2	3	4	5	6	7
(3) group atmosphere or climate	1	2	3	4	5	6	7
(4) overall experiences	1	2	3	4	5	6	7

6 The items below describe benefits that one can reap from Dialog experiences. Please indicate, (a) how *often* Dialog provides each benefit, and (b) how *important* each is to you, by circling the appropriate numbers. Please make sure the entire question focuses on *current* benefits for you.

	(a) How often					*(b) How important*				
	never		some-times		always	not at all important				very important
(1) knowledge about somebody else's business	1	2	3	4	5	1	2	3	4	5
(2) alleviation of solitude	1	2	3	4	5	1	2	3	4	5
(3) learning through real cases	1	2	3	4	5	1	2	3	4	5
(4) a feeling of commonality	1	2	3	4	5	1	2	3	4	5
(5) testing my ideas in front of others	1	2	3	4	5	1	2	3	4	5
(6) broader contacts with new people	1	2	3	4	5	1	2	3	4	5
(7) ideas that can be applied to my situation	1	2	3	4	5	1	2	3	4	5
(8) keeping track of technology developments	1	2	3	4	5	1	2	3	4	5
(9) exploring alternative career opportunities	1	2	3	4	5	1	2	3	4	5
(10) developing strong social ties and relations	1	2	3	4	5	1	2	3	4	5
(11) reinforcement of the feeling of self-worth	1	2	3	4	5	1	2	3	4	5
(12) informal marketing device	1	2	3	4	5	1	2	3	4	5
(13) sharing business experiences	1	2	3	4	5	1	2	3	4	5
(14) exposure to strategic thinking	1	2	3	4	5	1	2	3	4	5

7 The following three items represent one way to describe benefits derived from Dialog experiences. Please indicate the relative importance of each item by allocating a total of 100 points among them.

(1) **EXPRESSIVE** Expressing your own concerns, feelings, and problems to others and listening empathically to theirs. ________

(2) **CONFIRMATORY** Trying to use others' experiences and advice to confirm that what you are doing is correct and proper. ________

(3) **INSTRUMENTAL** Making use of others as a practical resource to achieve your objectives. ________

Total 100

Questions 9 and 9 deal with your relationship with other external resources and your work pattern.

8 If you (a) have been *aware of*, (b) had been *active (in the past)* in, or (c) are *currently active* in other organizations in the Greater Boston area which also focus on entrepreneurship and small businesses, please check the items below. Otherwise, leave a given space blank.

	(a) *aware of*	*(b)* *active in the past*	*(c)* *now active*
MIT Enterprise Forum	[ ]	[ ]	[ ]
BCS (Boston Computer Society)	[ ]	[ ]	[ ]
128 Venture Group	[ ]	[ ]	[ ]
YPO (Young Presidents' Organization)	[ ]	[ ]	[ ]
RMA (Research Management Association)	[ ]	[ ]	[ ]
ACE (Association of Collegiate Entrepreneurs)	[ ]	[ ]	[ ]
MSBDC (Mass. Small Business Development Center)	[ ]	[ ]	[ ]
MHTC (Mass. High Technology Council)	[ ]	[ ]	[ ]
AIM (Associated Industries of Mass.)	[ ]	[ ]	[ ]
NEWBO (New England Women Business Owners)	[ ]	[ ]	[ ]
Local chamber of commerce	[ ]	[ ]	[ ]
Local chapter of Rotary Club	[ ]	[ ]	[ ]
Local chapters of any trade associations (please specify ______________________)	[ ]	[ ]	[ ]
Local chapter of any professional associations (please specify ______________________)	[ ]	[ ]	[ ]
Other organizations for entrepreneurship and small businesses (please specify ______________________)	[ ]	[ ]	[ ]

9 Please indicate the relative proportion of your work time over the past year devoted to internal and external activities of your business/professional organization.

(a) INTERNAL:
planning, scheduling, coordinating and supervising people inside the organization, and other internally-oriented activity ________ %

(b) EXTERNAL:
public relations, meeting with customers and other people outside the organization, attending professional and trade organization meetings, and other externally-oriented activity ________ %

Total 100 %

Questions 10 through 12 deal with your preferences, beliefs, and opinions.

10 The following statements concern your preferences and behavior in group settings. Please indicate the extent to which you agree with each of the following items in your approach to the Dialog Group.

	strongly disagree			neither agree nor disagree			strongly agree
(1) I prefer associating with people I know rather than seeking out new people.	1	2	3	4	5	6	7
(2) My interpersonal network provides me with accessible role models.	1	2	3	4	5	6	7
(3) High turnover in groups is desirable.	1	2	3	4	5	6	7
I am reluctant to seek help from others.	1	2	3	4	5	6	7
(5) To be effective, a group must have continuity of membership over several years.	1	2	3	4	5	6	7
(6) It is better to talk to a person who has tackled the same problems I'm having than talk to professionals.	1	2	3	4	5	6	7
(7) If we are diverse, we wouldn't have common things to discuss.	1	2	3	4	5	6	7
(8) Professionals and/or consultants are valuable additions even to a self-help group.	1	2	3	4	5	6	7
(9) I'd like to be in a group comprised exclusively of persons like me.	1	2	3	4	5	6	7
(10) I expect my friends to return the favors I've done for them as soon as they possibly can.	1	2	3	4	5	6	7
(11) A loosely connected human network serves as a fast Yellow Pages for me.	1	2	3	4	5	6	7
(12) I do not like to rely on others.	1	2	3	4	5	6	7
(13) I consider the people I met in any group a part of my network.	1	2	3	4	5	6	7
(14) Friends are important because of the connections they provide.	1	2	3	4	5	6	7

11 We all have a way of thinking about the events and behaviors that we participate in or observe. Think of "networking" from your own viewpoint, and please indicate your ideas about it, by checking the appropriate point on the scale for each of the following items.

Networking is:

[Example (0) stable ___:___:___:___:___:_✓_:___: unstable]

(1) free ___:___:___:___:___:___:___: constrained
(2) passive ___:___:___:___:___:___:___: active
(3) unfair ___:___:___:___:___:___:___: fair
(4) valuable ___:___:___:___:___:___:___: worthless
(5) fast ___:___:___:___:___:___:___: slow
(6) good ___:___:___:___:___:___:___: bad
(7) weak ___:___:___:___:___:___:___: strong
(8) exciting ___:___:___:___:___:___:___: calming
(9) light ___:___:___:___:___:___:___: heavy
(10) spacious ___:___:___:___:___:___:___: constricted

12 Listed below are a number of statements. Each represents a commonly held opinion and there are no right or wrong answers. Please indicate the extent to which you agree or disagree by circling the appropriate number.

	strongly disagree			neither agree nor disagree			strongly agree
(1) Becoming a success is a matter of hard work; luck has little or nothing to do with it.	1	2	3	4	5	6	7
(2) It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.	1	2	3	4	5	6	7
(3) People's misfortunes result from the mistakes they make.	1	2	3	4	5	6	7
(4) Most people don't realize the extent to which their lives are controlled by accidental happenings.	1	2	3	4	5	6	7
(5) In my case, getting what I want has little or nothing to do with luck.	1	2	3	4	5	6	7
(6) In the long run, the bad things that happen to us are balanced by the good ones.	1	2	3	4	5	6	7
(7) The best way to handle people is to tell them what they want to hear.	1	2	3	4	5	6	7
(8) One should take action only when sure it is morally right.	1	2	3	4	5	6	7
(9) There is no excuse for lying to someone else.	1	2	3	4	5	6	7
(10) Anyone who completely trusts anyone else is asking for trouble.	1	2	3	4	5	6	7
(11) It is hard to get ahead without cutting corners here and there.	1	2	3	4	5	6	7
(12) Once I get wound up in a heated discussion I just can't stop.	1	2	3	4	5	6	7
(13) Most people just don't know what's good for them.	1	2	3	4	5	6	7
(14) It is often desirable to reserve judgment about what's going on until one has a chance to hear opinions of those one respects.	1	2	3	4	5	6	7
(15) Fundamentally, the world we live in is a pretty lovely place.	1	2	3	4	5	6	7

Question 13 deals with your experiences and career.

13 Please fill in the appropriate number or check the appropriate boxes for the following items. (As described in the letter, all of your responses will be kept strictly confidential).

(1) Age ________, [ ] male [ ] female

(2) How many of the last twenty years have you lived within 50 miles of Boston? ________ years

(3) How many years have you been involved in small businesses? ________ years
How many years in big business? ________ years

(4) What is the highest grade in school you completed? Please check the appropriate item below.

[ ] **some high school education**
[ ] **high school completion**
[ ] **some college, no degree**
[ ] **associate degree**
[ ] **bachelor's degree**
[ ] **some graduate work**
[ ] **masters degree**
[ ] **doctoral degree**

Were you trained as an engineer at some time during your career? [ ] Yes [ ] No

(5) What is your company or firm like?

Number of employees: __________ persons. Approximate sales: $ __________ K (thousand)

(6) Did you start or acquire the company you now work in?

[ ] **I started the company.**
[ ] **I acquired the company from others.**
[ ] **I'm in my family's business.**
[ ] **I'm planning to start up my own business.**
[ ] **I work for someone else**

How many companies have you started? __________

(7) Please check one item from below which *most closely represents your company.*

[ ] **manufacturing**
[ ] **R & D company**
[ ] **service business (e.g., printing)**
[ ] **wholesale and distribution**
[ ] **financial (e.g., banker, venture capitalist)**
[ ] **professional service (e.g., lawyer, CPA, consultant)**
[ ] **other** (please specify __________________)

To be more specific, how would you briefly describe your particular business area (for example, 'machine tool manufacturer')? __________________

(8) Overall, are you satisfied with your own career? Please circle the appropriate number.

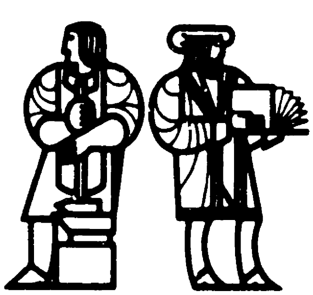
very dissatisfied	somewhat dissatisfied	slightly dissatisfied	neutral	slightly satisfied	somewhat satisfied	very satisfied
1	2	3	4	5	6	7

(9) (*For professional service providers only*) How many years of experience do you have in your profession as an accountant, a lawyer, a consultant, or other (please specify __________)?

__________ years.

14 Any comments or suggestions about the future challenges for the Executive Dialog Program?

____



THANK YOU ONCE AGAIN!

E52-532
Sloan School of Management
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

Toshihiro Kanai
Research Associate

Telephone: (617) 253 4935

SBANE'S EXECUTIVE DIALOG PROGRAM
PAST PARTICIPANT SURVEY

Questions 1 through 7 deal with SBANE, especially the Executive Dialog Program.

1 How did you first find out about SBANE? Please check the <u>one</u> item below that *best describes your case.*

[ ] through a close friend
[ ] through advice from professionals
[ ] through a pamphlet or brochure
[ ] through SBANE's marketing representative
[ ] through a rather remote acquaintance
[ ] through a business partner
[ ] through other SBANE functions
[ ] other (please specify ______________)

2a The following refer to your involvement with SBANE in general and with the Executive Dialog Program in particular.

(1) What year did you become a member of SBANE? 19____

(2) What percentage of your Dialog Group's meetings did you attend, when you were in the Executive Dialog Program? Approximately ______ %

(3) How many years in total have you attended a Dialog Group? ______ years

2b Among various programs and activities offered by SBANE, with which have you been actively involved? Please check all relevant items below.

[ ] Live-in-seminar
[ ] New England Business Conference
[ ] Roundtable
[ ] Dialog
[ ] Insurance
[ ] Seminars/briefings
[ ] Business PM
[ ] Breakfast/chapter meetings
[ ] Legislative activities
[ ] other (please specify ______________)

3 To what extent are the following items true of your *initial* (not current) motives or expectations about the Executive Dialog Program. Please circle the appropriate number for each item listed.

I first signed up for the Dialog because of:	not at all true			somewhat true			very true
(1) chances to learn from others' experiences.	1	2	3	4	5	6	7
(2) a bigger picture I could get beyond day-to-day operations.	1	2	3	4	5	6	7
(3) expected access to more resources.	1	2	3	4	5	6	7
(4) my desire for friendship and socia'izing.	1	2	3	4	5	6	7
(5) an opportunity to discuss my problems with others.	1	2	3	4	5	6	7
(6) my desire to avoid reinventing the wheel for problems others had already solved.	1	2	3	4	5	6	7

4 Listed below are statements which may or may not describe the atmosphere of *the most recent* Dialog Group you have attended. Please indicate the degree to which each statement is an accurate description of the group by circling the appropriate number in each item.

		not at all accurate		somewhat accurate				very accurate
(1)	Anyone wishing to enter the group is welcome.	1	2	3	4	5	6	7
(2)	People put on their best face in the meeting.	1	2	3	4	5	6	7
(3)	There are many common concerns.	1	2	3	4	5	6	7
(4)	One can not expect long-term relationships with members.	1	2	3	4	5	6	7
(5)	The discussion can be brutal.	1	2	3	4	5	6	7
(6)	In the meeting people may express worries and anxiety.	1	2	3	4	5	6	7
(7)	It has elements of group therapy.	1	2	3	4	5	6	7
(8)	Some participants are always saying the same things.	1	2	3	4	5	6	7
(9)	The session is like a stage on which people perform.	1	2	3	4	5	6	7
(10)	Members of the group are very similar to one another.	1	2	3	4	5	6	7
(11)	Some members know more than others about what's really going on.	1	2	3	4	5	6	7
(12)	The meeting is informal.	1	2	3	4	5	6	7
(13)	Membership in the group aids in business/professional advancement.	1	2	3	4	5	6	7
(14)	Some members are interested in altogether different things than other members.	1	2	3	4	5	6	7
(15)	The rules or norms that govern the meeting are ambiguous.	1	2	3	4	5	6	7

5a The following items describe potential impacts of the Executive Dialog Program. Please check any items that represent a result of your Dialog experiences.

(1) I changed my business strategy. [ ]
(2) I identified a new market. [ ]
(3) I was introduced to people in the financial community. [ ]
(4) I made a significant hire. [ ]
(5) I avoided a costly mistake. [ ]
(6) I found somebody whom I admire as an entrepreneur (role model). [ ]
(7) I developed new business. [ ]

5b Overall, how strong was the impact of Dialog experiences on your business/profession? Please circle the appropriate number.

very weak			somewhat			very strong
1	2	3	4	5	6	7

5c Would you be interested in signing up for the Executive Dialog Program again next year?

[ ] Yes [ ] No [ ] Don't know

5d All in all, how satisfied were you with the Executive Dialog Program with respect to the following items? Please circle the appropriate number for each item.

		very dissatisfied						very satisfied
(1)	structure (format) of the meeting	1	2	3	4	5	6	7
(2)	composition (members) of the group	1	2	3	4	5	6	7
(3)	group atmosphere or climate	1	2	3	4	5	6	7
(4)	overall experiences	1	2	3	4	5	6	7

6 The items below describe benefits that one can reap from Dialog experiences. Please indicate, (a) how *often* Dialog provided each benefit, and (b) how *important* each was to you, by circling the appropriate numbers. Please consider only actual benefits, not initial expectations.

		(a) How often					*(b) How important*				
		never		some-times		always	not at all important				very important
(1)	knowledge about somebody else's business	1	2	3	4	5	1	2	3	4	5
(2)	alleviation of solitude	1	2	3	4	5	1	2	3	4	5
(3)	learning through real cases	1	2	3	4	5	1	2	3	4	5
(4)	a feeling of commonality	1	2	3	4	5	1	2	3	4	5
(5)	testing my ideas in front of others	1	2	3	4	5	1	2	3	4	5
(6)	broader contacts with new people	1	2	3	4	5	1	2	3	4	5
(7)	ideas that can be applied to my situation	1	2	3	4	5	1	2	3	4	5
(8)	keeping track of technology developments	1	2	3	4	5	1	2	3	4	5
(9)	exploring alternative career opportunities	1	2	3	4	5	1	2	3	4	5
(10)	developing strong social ties and relations	1	2	3	4	5	1	2	3	4	5
(11)	reinforcement of the feeling of self-worth	1	2	3	4	5	1	2	3	4	5
(12)	informal marketing device	1	2	3	4	5	1	2	3	4	5
(13)	sharing business experiences	1	2	3	4	5	1	2	3	4	5
(14)	exposure to strategic thinking	1	2	3	4	5	1	2	3	4	5

7 The following three items represent one way to describe benefits derived from Dialog experiences. Please indicate the relative importance of each item by allocating a total of 100 points among them.

(1) **EXPRESSIVE** Expressing your own concerns, feelings, and problems to others and listening empathically to theirs. ______

(2) **CONFIRMATORY** Trying to use others' experiences and advice to confirm that what you are doing is correct and proper. ______

(3) **INSTRUMENTAL** Making use of others as a practical resource to achieve your objectives. ______

Total 100

Questions 8 and 9 deal with your relationship with other external resources and your work pattern.

8 If you (a) have been *aware of*, (b) had been *active (in the past)* in, or (c) are *currently active* in other organizations in the Greater Boston area which also focus on entrepreneurship and small businesses, please check the items below. Otherwise, leave a given space blank.

	(a) aware of	(b) active in the past	(c) now active
MIT Enterprise Forum	[ ]	[ ]	[ ]
BCS (Boston Computer Society)	[ ]	[ ]	[ ]
128 Venture Group	[ ]	[ ]	[ ]
YPO (Young Presidents' Organization)	[ ]	[ ]	[ ]
RMA (Research Management Association)	[ ]	[ ]	[ ]
ACE (Association of Collegiate Entrepreneurs)	[ ]	[ ]	[ ]
MSBDC (Mass. Small Business Development Center)	[ ]	[ ]	[ ]
MHTC (Mass. High Technology Council)	[ ]	[ ]	[ ]
AIM (Associated Industries of Mass.)	[ ]	[ ]	[ ]
NEWBO (New England Women Business Owners)	[ ]	[ ]	[ ]
Local chamber of commerce	[ ]	[ ]	[ ]
Local chapter of Rotary Club	[ ]	[ ]	[ ]
Local chapters of any trade associations (please specify ______________________)	[ ]	[ ]	[ ]
Local chapter of any professional associations (please specify ______________________)	[ ]	[ ]	[ ]
Other organizations for entrepreneurship and small businesses (please specify ______________________)	[ ]	[ ]	[ ]

9 Please indicate the relative proportion of your work time over the past year devoted to internal and external activities of your business/professional organization.

(a) INTERNAL:
planning, scheduling, coordinating and supervising people inside the organization, and other internally-oriented activity ______ %

(b) EXTERNAL:
public relations, meeting with customers and other people outside the organization, attending professional and trade organization meetings, and other externally-oriented activity ______ %

Total 100 %

Questions 10 through 12 deal with your preferences, beliefs, and opinions.

10 The following statements concern your preferences and behavior in group settings. Please indicate the extent to which you agree with each of the following items in your approach to the Dialog Group.

	strongly disagree			neither agree nor disagree			strongly agree
(1) I prefer associating with people I know rather than seeking out new people.	1	2	3	4	5	6	7
(2) My interpersonal network provides me with accessible role models.	1	2	3	4	5	6	7
(3) High turnover in groups is desirable.	1	2	3	4	5	6	7
(4) I am reluctant to seek help from others.	1	2	3	4	5	6	7
(5) To be effective, a group must have continuity of membership over several years.	1	2	3	4	5	6	7
(6) It is better to talk to a person who has tackled the same problems I'm having than talk to professionals.	1	2	3	4	5	6	7
(7) If we are diverse, we wouldn't have common things to discuss.	1	2	3	4	5	6	7
(8) Professionals and/or consultants are valuable additions even to a self-help group.	1	2	3	4	5	6	7
(9) I'd like to be in a group comprised exclusively of persons like me.	1	2	3	4	5	6	7
(10) I expect my friends to return the favors I've done for them as soon as they possibly can.	1	2	3	4	5	6	7
(11) A loosely connected human network serves as a fast Yellow Pages for me.	1	2	3	4	5	6	7
(12) I do not like to rely on others.	1	2	3	4	5	6	7
(13) I consider the people I met in any group a part of my network.	1	2	3	4	5	6	7
(14) Friends are important because of the connections they provide.	1	2	3	4	5	6	7

11 We all have a way of thinking about the events and behaviors that we participate in or observe. Think of "networking" from your own viewpoint, and please indicate your ideas about it, by checking the appropriate point on the scale for each of the following items.

Networking is:

[Example	(0) stable	___:___:___:___:___:✓:___:	unstable]
	(1) free	___:___:___:___:___:___:___:	constrained
	(2) passive	___:___:___:___:___:___:___:	active
	(3) unfair	___:___:___:___:___:___:___:	fair
	(4) valuable	___:___:___:___:___:___:___:	worthless
	(5) fast	___:___:___:___:___:___:___:	slow
	(6) good	___:___:___:___:___:___:___:	bad
	(7) weak	___:___:___:___:___:___:___:	strong
	(8) exciting	___:___:___:___:___:___:___:	calming
	(9) light	___:___:___:___:___:___:___:	heavy
	(10) spacious	___:___:___:___:___:___:___:	constricted

12 Listed below are a number of statements. Each represents a commonly held opinion and there are no right or wrong answers. Please indicate the extent to which you agree or disagree by circling the appropriate number.

	strongly disagree			neither agree nor disagree			strongly agree
(1) Becoming a success is a matter of hard work; luck has little or nothing to do with it.	1	2	3	4	5	6	7
(2) It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.	1	2	3	4	5	6	7
(3) People's misfortunes result from the mistakes they make.	1	2	3	4	5	6	7
(4) Most people don't realize the extent to which their lives are controlled by accidental happenings.	1	2	3	4	5	6	7
(5) In my case, getting what I want has little or nothing to do with luck.	1	2	3	4	5	6	7
(6) In the long run, the bad things that happen to us are balanced by the good ones.	1	2	3	4	5	6	7
(7) The best way to handle people is to tell them what they want to hear.	1	2	3	4	5	6	7
(8) One should take action only when sure it is morally right.	1	2	3	4	5	6	7
(9) There is no excuse for lying to someone else.	1	2	3	4	5	6	7
(10) Anyone who completely trusts anyone else is asking for trouble.	1	2	3	4	5	6	7
(11) It is hard to get ahead without cutting corners here and there.	1	2	3	4	5	6	7
(12) Once I get wound up in a heated discussion I just can't stop.	1	2	3	4	5	6	7
(13) Most people just don't know what's good for them.	1	2	3	4	5	6	7
(14) It is often desirable to reserve judgment about what's going on until one has a chance to hear opinions of those one respects.	1	2	3	4	5	6	7
(15) Fundamentally, the world we live in is a pretty lovely place.	1	2	3	4	5	6	7

Question 13 deals with your experiences and career.

13 Please fill in the appropriate number or check the appropriate boxes for the following items. (As described in the letter, all of your responses will be kept strictly confidential).

(1) Age ________ , [ ] male [ ] female

(2) How many of the last twenty years have you lived within 50 miles of Boston? ________ years

(3) How many years have you been involved in small businesses? ________ years

How many years in big business? ________ years

(4) What is the highest grade in school you completed? Please check the appropriate item below.

[ ] **some high school education** [ ] **high school completion**
[ ] **some college, no degree** [ ] **associate degree**
[ ] **bachelor's degree** [ ] **some graduate work**
[ ] **masters degree** [ ] **doctoral degree**

Were you trained as an engineer at some time during your career? [ ] Yes [ ] No

(5) What is your company or firm like?

Number of employees: ____________ persons. Approximate sales: $ ____________ K (thousand)

(6) Did you start or acquire the company you now work in?

[ ] **I started the company.** [ ] **I acquired the company from others.**
[ ] **I'm in my family's business.** [ ] **I'm planning to start up my own business.**
[ ] **I work for someone else**

How many companies have you started? ____________

(7) Please check <u>*one*</u> item from below which *most closely represents your company*.

[ ] **manufacturing** [ ] **R & D company**
[ ] **service business (e.g., printing)** [ ] **wholesale and distribution**
[ ] **financial (e.g., banker, venture capitalist)** [ ] **professional service (e.g., lawyer, CPA, consultant)**
[ ] **other** (please specify ____________________)

To be more specific, how would you briefly describe your particular business area (for example, 'machine tool manufacturer') ? ____________________

(8) Overall, are you satisfied with your own career? Please circle the appropriate number.

very dissatisfied	somewhat dissatisfied	slightly dissatisfied	neutral	slightly satisfied	somewhat satisfied	very satisfied
1	2	3	4	5	6	7

(9) (*For professional service providers only*) How many years of experience do you have in your profession as an accountant, a lawyer, a consultant, or other (please specify ____________) ?

____________ years.

14 Any comments or suggestions about the future challenges for the Executive Dialog Program?

____

THANK YOU ONCE AGAIN!

Appendix 5. Results of Factor Analysis

Appendix 5a. Factor Analysis of Initial Motives

	F1	F2	F3
(1) chances to learn from others' experiences.	.858	-.032	.082
(6) my desire to avoid reinventing the wheel for problems others had already solved.	.712	.399	-.218
(2) a bigger picture I could get beyond day-to-day operations.	.700	.130	.211
(5) an opportunity to discuss my problems with others.	.396	.760	-.143
(4) my desire for friendship and socializing.	-.108	.748	.450
(3) expected access to more resources.	.131	.055	.893
Eigenvalues	2.29	1.19	.87
Percentages of variance explained	38.2 %	19.8 %	14.6 %
Cumulative percentages	38.2 %	58.0 %	72.6 %

Notes 1. The principal component analysis is used. The numbers are factor loading after varimax rotation.
2. F1, F2,... and Fn stand for Factor 1, Factor 2,.... and Factor n.
3. Each item is measured by a Likert type seven point scale (1 for "not at all true" and 7 for "very accurate").

Appendix 5b. Factor Analysis of Benefits (Importance)

(2) alleviation of solitude	.782	.064	-.050	-.111
(4) a feeling of commonality	.732	.284	-.041	-.027
(5) testing my ideas in front of others	.541	.287	-.197	.368
(11) reinforcement of the feeling of self-worth	.681	.029	.281	.244
(3) learning through real cases	.126	.749	.096	-.102
(14) exposure to strategic thinking	.160	.728	.049	-.078
(7) ideas that can be applied to my situation	.137	.611	-.017	.176
(13) sharing business experiences	.440	.530	-.260	.299
(1) knowledge about somebody else's business	-.172	.420	.198	.312
(9) exploring alternative career opportunities	.036	.012	.810	.199
(8) keeping track of technology developments	-.188	.135	.625	.197
(10) developing strong social ties and relations	.428	-.019	.575	.244
(6) broader contacts with new people	.099	.158	.141	.715
(12) informal marketing device	.044	-.095	.142	.698
Eigenvalues	3.43	1.88	1.40	1.04
Percentages of variance explained	24.5%	13.5%	10.0%	7.4%
Cumulative percentages	24.5%	38.0%	48.0%	55.4%

Notes 1. The principal component analysis used. The numbers are factor loading after varimax rotation.
2. F1, F2,... and Fn stand for Factor 1, Factor 2,.... and factor n.
3. Each item is measured by a Likert type five point scale (1 for "not at all important" and 5 for "very important").

Appendix 5c. Factor Analysis of Benefits (Frequency)

	F1	F2	F3	F4
(2) alleviation of solitude	.779	.090	-.061	-.140
(5) testing my ideas in front of others	.696	.138	.256	-.143
(4) a feeling of commonality	.650	.367	.070	.013
(11) reinforcement of the feeling of self-worth	.649	.079	.147	.257
(10) developing strong social ties and relations	.567	-.078	.353	.318
(3) learning through real cases	.194	.772	-.060	.052
(14) exposure to strategic thinking	.170	.710	-.172	.249
(7) ideas that can be applied to my situation	.079	.657	.285	.104
(1) knowledge about somebody else's business	.006	.521	.211	-.281
(12) informal marketing device	.044	-.060	.752	.243
(6) broader contacts with new people	.351	.183	.646	.041
(13) sharing business experiences	.459	.387	.457	-.286
(9) exploring alternative career opportunities	.166	-.004	.089	.824
(8) keeping track of technology developments	-.260	.221	.196	.658
Eigenvalues	3.89	1.72	1.59	1.01
Percentages of variance explained	27.8%	12.3%	11.3%	7.3%
Cumulative percentages	27.8%	40.1%	51.4%	58.6%

Notes 1. The principal component analysis is used. The numbers are factor loading after varimax rotation.
2. F1, F2,... and Fn stand for Factor 1, Factor 2,.... and Factor n.
3. Each item is measured by a Likert type five point scale (1 for "never" and 5 for "always").

Appendix 5d. Factor Analysis of Group Atmosphere

	F1	F2	F3	F4	F5	F6
(5) The discussion can be brutal.	.709	.201	-.023	.057	067	-.014
(9) The session is like a stage on which people perform.	.672	-.224	.153	-.085	.293	.147
(8) Some participants are always saying the same things.	.647	.173	.142	-.123	.139	.179
(12) The meeting is informal.	-.616	.505	-.044	.079	.180	.140
(7) It has elements of group therapy.	.059	.820	-.074	.047	-.100	.018
(6) In the meeting people may express worries and anxiety.	.079	.745	-.008	.201	-.007	-.201
(1) Anyone wishing to enter the group is welcome.	-.041	.019	.734	-.005	.200	-.189
(2) People put on their best face in the meeting.	.281	-.135	.720	.182	.008	.012
(13) Participation in the group aids in business/professional advancement.	-.071	.020	.030	.834	.052	-.054
(3) There are many common concerns.	-.026	.292	.072	.662	-.106	.129
(11) Some participants know more than others about what's really going on.	.024	.044	.314	.073	.671	.086
(15) The rules or norms that govern the meeting are ambiguous.	.151	-.014	-.217	-.244	.642	.132
(14) Some participants are interested in altogether different things than other participants.	.216	-.188	.171	.140	.575	-.302
(10) People in the meeting are very similar to one another.	.130	-.140	-.233	.165	.096	.797
(4) One can not expect long-term relationships with participants.	.124	-.032	.471	-.331	-.080	.514
Eigenvalues	2.69	1.89	1.48	1.14	1.13	1.01
Percentages of variance explained	17.9%	12.6%	9.9%	7.6%	7.5%	6.7%
Cumulative percentages	17.9%	30.6%	40.5%	48.0%	55.6%	62.3%

Notes 1. The principal component analysis is used. The numbers are factor loading after varimax rotation.

2. F1, F2,... and Fn stand for Factor 1, Factor 2,.... and Factor n.

3. Each item is measured by a Likert type seven point scale (1 for "not at all accurate" and 7 for "very accurate").

Appendix 5e. Factor Analysis of Networking Orientation

	F1	F2	F3	F4
(11) A loosely connected human network serves as a fast Yellow Pages for me.	.725	-.236	.038	-.045
(13) I consider the people I met in any group a part of my network.	.723	-.238	-.112	.161
(14) Friends are important because of the connections they provide.	.679	.226	.126	-.106
(10) I expect my friends to return the favors I've done for them as soon as they possibly can.	.343	.334	.224	-.099
(4) I am reluctant to seek help from others.	-.003	.635	-.063	.191
(1) I prefer associating with people I know rather than seeking out new people.	-.203	.580	.166	.261
(12) I do not like to rely on others.	-.206	.530	.110	-.145
(7) If we are diverse, we wouldn't have common things to discuss.	.073	.519	-.246	-.128
(9) I'd like to be in a group comprised exclusively of persons like me.	.040	.417	-.344	.027
(6) It is better to talk to a person who has tackled the same problems I'm having than talk to professionals.	.135	.006	-.753	.089
(8) Professionals and/or consultants are valuable additions even to a self-help group.	.155	.012	.722	.234
(2) My interpersonal network provides me with accessible role models.	.219	-.047	.315	-.108
(3) High turnover in groups is desirable.	.234	.067	.087	-.761
(5) To be effective, a group must have continuity of membership (participation) over several years.	.156	.122	.068	.723
Eigenvalues	2.10	1.62	1.47	1.32
Percentages of variance explained	15.0%	11.6%	10.5%	9.5%
Cumulative percentages	15.0%	26.6%	37.1%	46.6%

Notes 1. The principal component analysis is used. The numbers are factor loading after varimax rotation.
2. F1, F2,... and Fn stand for Factor 1, Factor 2,.... and Factor n.
3. Each item is measured by a Likert type seven point scale (1 for "strongly disagree" and 7 for "strongly agree").