

Skill-Based Development of Entrepreneurs and the Role of Personal and Peer Group Coaching in Enterprise Development

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This article argues that skill building lies at the heart of entrepreneurs' success, and it seeks to begin the process of understanding how skills can best be developed. The authors begin with a discussion of skill building and why it must be the focus of productive enterprise development efforts. They then examine a unique enterprise development program in central Appalachia that uses a system of blended personal and peer group coaching to develop the skills of its client entrepreneurs. By triangulating the results of in-depth interviews with entrepreneurs, coaches, and the managers of the program, the research reported here creates a set of comparative case studies that sheds light on how coaching can affect the way entrepreneurs learn. The findings have implications for how entrepreneurs can be more effectively assisted.

Keywords: *entrepreneurship; economic development; business coaching; skill building; human development*

Over the past two decades, entrepreneurship assistance has become an increasingly popular local economic development strategy (Walzer & Athiyaman, 2007). Myriad nonprofit, private, and public organizations have sprung up to aid entrepreneurs in starting and growing their businesses. As this field of "enterprise development" matures, questions about its efficacy have arisen. In particular, the way in which knowledge is currently provided, and the longer-term impact of that approach, has come under scrutiny.

Most enterprise development service providers offer their clients technical or financial assistance or both. The technical assistance comes in a variety of forms—guide books/brochures, research, consultation, formal training, mentoring, and so forth—but the overwhelming majority of it involves the hand-off of information in relatively short-term transactions (Lichtenstein & Lyons, 2001). The standard enterprise development learning curriculum, based on the teaching of a fundamental business program such as writing business plans or the essentials of management, finance, and marketing, delivers a pre-structured learning content. This approach uses mostly

passive transference of knowledge. The success of many of these traditional training programs for entrepreneurs remains questionable (De Faoite, Henry, Johnston, & van der Sijde, 2003; Sullivan, 2000). Many entrepreneurship training initiatives do not actually address the needs of entrepreneurs, because of a significant gap between the perceptions of training providers and those of participating entrepreneurs in terms of training needs (Boter & Lundstram, 2005; De Faoite et al., 2003; Wyckham, Wedley, & Culver, 2001). Kayne (2002) found such a gap in Maine between what entrepreneurs need and what local service providers assume they need relative to all types of assistance. Henry, Hill, and Leitch (2003) suggest that many providers do not have managerial experience in small firms and fail to understand the practical problems of entrepreneurs.

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This article maintains that entrepreneurs learn in a way that is principally different from the traditional transactive approach. As Man (2006) states, “. . . a competent entrepreneur shall be selective and purposeful in learning, learning in depth, continuously and actively seeking learning opportunities” (p. 317). Entrepreneurs actively create their knowledge by personally engaging in expanding their expertise and skills. In this article, we explore how to effectively assist entrepreneurs, using insights on what and how entrepreneurs learn. Our research uses the concept of skills that connect knowledge and the ability to use that knowledge. Most service provider organizations sincerely believe that they are meeting the needs of and building skills in their client entrepreneurs; yet those same clients return repeatedly with the same or similar problems (Wu & Young, 2003) or travel from assistance provider to assistance provider asking for the same help. This does not constitute either need fulfillment or skill development.

While approaching entrepreneurship and enterprise development from various perspectives, researchers in this field have yet to answer some very important questions: “What actually makes entrepreneurs successful? How might entrepreneurship assistance providers better affect the success of entrepreneurs?” The answers to these questions remain a major challenge for entrepreneurship theory and practice (Aldrich & Martinez, 2001) and are the questions this article seeks to answer. We approach this by first arguing that the kind of knowledge that entrepreneurs must actively create to be successful is a concrete knowledge, which is developed through skill building. Then, we report on an enterprise development program in central Appalachia that focuses on skill development through a unique system of blended personal and peer coaching. We discuss the results of a set of face-to-face interviews with entrepreneurs, coaches, and managers involved in this program; some outcomes data for the participating entrepreneurs; and the implications of our findings for the way enterprise development efforts might approach skill development. We conclude with a discussion of the overall implications of this study for how entrepreneurs actually learn and how to facilitate that.

Skills, Skill Development, and Coaching Skills

The concept of skill comes from the field of psychology, where it is widely used to explain human development across different domains. Fischer and Bidell (2005) define skill as “a capacity to act in an organized way in

a specific context” (p. 5). Boyatzis and Kolb (1995) describe skill as an integrated transaction between the person and the environment. Skills are integrated routines combining knowledge and ability with a perceived environmental domain of application. It is important to consider that skills do not arrive at their full capacity; but instead, they are gradually developed through practice in a real-life context.

The concept of skill is best suited to describing specific abilities of an entrepreneur relevant to his or her business. Individual entrepreneurial experiences vary and consequently entrepreneurs develop different skills. Skills reflect the more “hands on” experiences of entrepreneurs. They represent the mastery of entrepreneurship.

Mascolo and Fischer (1999) emphasize that a skill is not just an individual attribute but that it exists within a social context as well. The skill is largely defined by the context. To effectively assist entrepreneurs with skill development, this assistance must be tailored to their context.

A skill is a translation of one’s expertise/knowledge into a behavior. In adapting the skill concept to entrepreneurial behavior, we suggest that entrepreneurial skills represent a capacity to organize and develop a business. Another important consideration is the fact that skills are developed through actual situations arising from different business-related activities and experiences. Therefore, entrepreneurial skills build gradually through practice in business. People engaged in entrepreneurship report numerous mistakes, problems, and difficult situations along the way.

Skill Development

The skill development process (Fischer, 1980) provides a framework for understanding how entrepreneurs can be assisted in their businesses. A single skill passes through different levels during its development. A person who acts independently at the highest level of performance uses a functional level of skill. When a person gets support in the form of expert presence, advice, and clues, the person uses their optimal level of skill. When the person actually performs along with an expert, the level of performance can expand further; this is called a “scaffolding level of skill.” These three levels of skill are representative of the increasing complexity of skills and corresponding performance. The theory of skill development explains this overall process of scaffolding: “the level of task performance is extended several steps upward because psychological control of the activity is shared with an expert” (Fischer & Bidell, 2005, p. 29).

When people build a new skill, there is need for constant repetition in a pattern of construction and reconstruction (Fischer & Bidell, 2005). With a new task, people first operate on a low level of skill, and then they gradually build up to a new skill by rebuilding it with variations. In the situation of environmental change, the new skill falls down to its basic level and then it rebuilds in the new context. People adapt and rebuild a skill each time in different ways. This slow process of skill building maintains a zigzag pattern called “scalloping.” At the end of this process the new skill emerges and sustains across a set of variations in the context (Fischer & Bidell, 2005).

The process of learning is essential to understanding the skill development process. Many studies suggest that entrepreneurial learning is experiential in nature (Deakins & Freel, 1998; Minniti & Bygrave, 2001; Reuber & Fisher, 1993; Sarasvathy, 2001; Sullivan, 2000). Rae (2005) studied the learning needs and processes of mid-career entrepreneurs and found that the learning process is as much recognizing, reframing, transferring, applying, and extending existing skills beyond habitual boundaries as developing new ones. Politis (2005) offers a conceptual model of entrepreneurial learning where the experience is central to providing the possibilities to improve and the ability to discover and exploit entrepreneurial opportunities. Learning is not a static process, and the experience is transformed into entrepreneurial knowledge.

Experiential Learning Theory (ELT; Kolb, 1984) is especially useful in analyzing the skill-acquisition process. ELT proposes a constructivist theory of learning, emphasizing that social knowledge is created and recreated in the personal knowledge of the learner. The important characteristic of the learning process is the engagement of a learner herself or himself with the feedback of the effectiveness of their learning efforts. According to emerging skill theory, both internal (e.g., motivation) and external conditions (e.g., support, pressure, incentives) are necessary to support the process of building a skill; neither set of conditions alone is sufficient (Fischer, Kenny, & Pipp, 1990).

The skill development process occurs over a long period of time and requires the active involvement of entrepreneurs. With regard to enterprise development activities, it is important to create an environment that supports the development of entrepreneurial skills (Lyons, 2002). One of these environmental conditions is a relationship between service providers and entrepreneurs that should be mutual and ongoing.

The service providers are economic development practitioners who assist entrepreneurs by providing technical and financial assistance to start, develop, and grow their

businesses. The service providers differ from one community to another and operate by offering a range of services to local entrepreneurs. The critical consideration is that although these service providers offer services that might be valuable to some entrepreneurs, these organizations are not at all designed to *develop* entrepreneurs and their skills. The principal difference between service provision and skill development types of assistance is in their goals and, consequently, final impact: Service provision addresses a specific issue at a particular time, whereas skill development transforms an entrepreneur’s ability to deal with various issues. The latter type of engagement is transformational whereas the former is transactional and temporary (Lichtenstein & Lyons, 2001).

The time frame of skill development must define the timing of assistance. The problems that entrepreneurs encounter can be seen as opportunities to learn and develop their skills. Another important factor for developing entrepreneurial skills is peer interaction and networking (Lichtenstein, 1992, 1999).

Building entrepreneurial skills demands a transformation on the part of the entrepreneur, a leap to a higher level of functioning. The process of skill development is a qualitative, not a quantitative, change (Lichtenstein & Lyons, 2001). It is important for service providers to recognize that entrepreneurs come to entrepreneurship with different levels of skill. For that reason each entrepreneur requires a different “game plan” for developing her or his skills. An entrepreneur’s skill level also influences her or his readiness, willingness, and ability to use assistance.

Business Coaching

An emerging technique for skill development is business coaching. Coaching in the business world is represented most often by executive coaching that attempts to align individual performance and organizational goals. The goal of coaching is the goal of good management: to make the most of an organization’s valuable resources (Waldroop & Butler, 1996, p. 111). Reliable information about executive coaching is scarce, mainly because major companies did not use coaching much before the 1980s. Grant and Zackon (2004) in their survey of coaching research found that there have been 131 peer-reviewed studies on coaching since 1937 and only a few met acceptable methodological standards. Most of the literature on coaching is empirical. In a generic sense, coaching helps people to know themselves better, live more consciously, and contribute more richly (Serman & Freas, 2004).

Coaching is employed by larger companies to address problems with employees, facilitate transitions, and manage personalities and interpersonal conflict in leadership teams. Coaching is also used to improve performance, especially of those executives who are entering new roles and taking on new challenges in their organizations.

Coaching is viewed as a process of building a relationship of trust between the coach and the coachee while the coach works on furthering the executive's (coachee's) interests. Successful coaching results in an action plan for what the executive needs to do and when. Executive coaching's general goal is to improve job performance. Executive coaching is employed to address a variety of specific scenarios, such as appointment to a new job or speeding adjustment for transition to another role within a company. Natale and Diamante (2005) have identified five major reasons why executive coaching is used: leadership skill development, correction of managerial style, support to newly promoted managers, correction of relational problems, and provision of management and leadership skills to technically oriented employees.

Berman and Bradt (2006) propose a four-category model of executive coaching: facilitative coaching that helps new and existing leaders in organizations to accept new challenges and advance leadership skills; executive coaching emphasizing creative problem solving, decision making, and capitalizing on strengths; restorative coaching that helps a valued manager to overcome difficulties related to personal or organizational changes; and developmental coaching that builds strengths and alleviates deficits in individuals who experience substantial difficulties.

The variety of approaches to business coaching, however, reveals that the underlying goal of any coaching activity is to correct "problem behavior" (Waldroop & Butler, 1996) and change the behaviors that threaten to derail a valued manager. The different techniques involved in executive coaching are oriented toward gaining the trust of the coachee and changing her or his behavior to better fit with role expectations within a company.

In the business world, coaching creates a triangular relationship between the coach who provides the service, the coachee who receives the coaching, and the client who pays the coaching bills (Serman & Freas, 2004, p. 85). Simply put, business coaching is aimed at producing behavioral changes and addressing problems in the company.

The Advantage Valley Entrepreneurial Development System

An example of an enterprise development program that uses a skills-based approach to developing entrepreneurs is the Advantage Valley Entrepreneurial

Development System (EDS) located in the central Appalachian region. The EDS is a relatively new and very unique approach to enterprise development. It is founded on the following three key premises derived from skill theory (Lichtenstein & Lyons, 2001):

1. that entrepreneurs achieve success by developing a skill set;
2. that entrepreneurs come to entrepreneurship at different skill levels; and
3. that entrepreneurial skill can be developed.

The coaching employed by the EDS represents a different type of coaching from the executive coaching described above—entrepreneurship coaching—about which little or nothing has been written to date. The entrepreneur fulfills many roles within her or his company and entrepreneurship coaching addresses issues that are problematic for the particular entrepreneur. The initial assessment of an entrepreneur reveals her or his problematic areas. The coaching of the entrepreneur involves the development of her or his skills relevant to business. Executive coaching is sponsored by the coachee's company and is geared toward furthering that company's interests and goals. In contrast, the entrepreneurship coaching in the EDS is oriented toward developing the entrepreneur who then will be capable of developing his or her own company. The coaching in the EDS is based on the understanding that the nature of entrepreneurship involves the function of identifying and capturing a market opportunity; accordingly, the coaching model of the EDS emphasizes the development of relevant skills.

In the EDS, the skill set to be developed falls within four major dimensions of skill (Gerber, 1995; Lichtenstein & Lyons, 2001):

- Technical skills, which are those skills necessary to produce the business's product or service
- Managerial skills, which are essential to the day-to-day management and administration of the company
- Entrepreneurial skills, which involve recognizing economic opportunities and acting effectively on them
- Personal maturity skills, which include self-awareness, accountability, emotional skills, and creative skills.

The EDS emphasizes the crucial role of the entrepreneur in the process of building a successful business: the entrepreneur is the main focus of the system. It also

Table 1
The Entrepreneurial Levels by Degree of Skill

	Technical	Managerial	Entrepreneurial	Personal Maturity
Majors	Outstanding	Outstanding	Outstanding	Outstanding
AAA	High	High	High	High
AA	High	Medium	Medium	Medium
A	High/medium	Low	Low	Low
Rookie	Low/no	Low/no	Low/no	Low/no

Source: Lichtenstein and Lyons (2001).

assumes that conditions for successful enterprise development can be created. The core of the EDS model is a coaching system that provides individual client entrepreneurs with both personal and peer group coaching, combined in a synergistic fashion. This coaching is tailored to the skill level of the entrepreneur. The EDS uses the American baseball farm system as a metaphor in defining levels or gradations of entrepreneurship skill. Thus, entrepreneurs' skills are measured using a clinimetric tool designed for the purpose (Lyons & Lyons, 2002) and classified as Rookie, Single A, Double A, Triple A, or Major League (Lichtenstein & Lyons, 2001). Then, as an example, Rookies are placed together in a peer coaching group and assigned a coach, who works with them, both individually and as a group. As her skills develop, the entrepreneur graduates from the Rookie level to the Single A level, and so forth. See Table 1 for a graphic depiction of the general relationship between skill levels and the dimensions of skill.

At the time of this study, the Advantage Valley EDS had a general manager, a successful former entrepreneur, who recruited client entrepreneurs to the system, conducted initial skills assessments, and oversaw the general activities of the system. There were three coaches, one each at the Rookie, Single A, and Double A levels. There were four teams: one Rookie team, two Single A teams, and one Double A team. The Single A coach worked with both Single A teams. At the time there were 45 total client entrepreneurs in the system. Twenty-four of these entrepreneurs were assessed to be at the Single A level; seven were at the Double A level; and six had Rookie skills. The EDS was operating with a grant of \$375,000 from the Claude Worthington Benedum Foundation to launch the program. The program would later receive a grant of \$1.32 million from the Kellogg Foundation to expand its efforts.

Entrepreneurs were recruited to the system based on two criteria: (a) proper motivation (willingness to listen

and learn) and (b) a goal of growth for their companies. The businesses owned and operated by these client entrepreneurs were in a variety of industries, including retail, services, sales, telecommunications, financial, and real estate. Coaches were carefully selected through an intensive interview process. Those selected were former entrepreneurs with strong coaching skills. All coaches were extensively trained in the philosophy, tools, and techniques of the EDS. The coaches and the general manager were all paid staff.

Method

To examine this skill-building approach to enterprise development and see what insights it offers, this study uses a qualitative methodological approach employing case study analysis contexts (Miles & Huberman, 1994; Van Maanen, 1998). A case study interview method was used to learn how entrepreneurs develop skills, learn, and advance their businesses. All interviewed entrepreneurs participated in a weekly personal coaching session and a monthly team session with other entrepreneurs. The goal of personal and group sessions was to assist these entrepreneurs with developing their skills so that they could successfully develop their businesses.

The sample of 17 entrepreneurs was selected with the consideration that it should be representative of the total population of Advantage Valley EDS entrepreneurs. The selected entrepreneurs had the following level of skills: 3 Rookies (18% of sample), 11 Single A (64% of sample), and 3 Double A (18% of sample). The total population of 45 EDS entrepreneurs at the time of the interviews had the following distribution according to skill level: 27% Rookies, 55% Single A, and 18% Double A. Although the sample of entrepreneurs selected for the case study is not a precise representation of the total population, it reflects a reasonable facsimile of the same, especially given that the researchers were constrained by the entrepreneurs' freedom to opt out of the study. The list of participating entrepreneurs was also developed with special consideration to other important characteristics of the EDS clients such as gender, type of business, and age (the characteristics that are thought to be relevant to skill development).

The initial assessment of the entrepreneurs' skill levels was conducted prior to their participation in the coaching sessions. The triangulation method (Caudle, 1994; Kidder & Fine, 1987; Miles & Huberman, 1994) was used to ensure and increase the credibility of the qualitative data. The in-depth interviews were conducted with entrepreneurs, coaches, and the managers of the Advantage Valley EDS.

The in-depth interviews from three different sources (entrepreneurs, coaches, managers) serve as a means to obtain more detailed data, descriptions, and understanding of the skill development process. Company business history and individual skill assessment data were used to supplement the interview data. Case studies of the 17 entrepreneurs were conducted in May and June of 2006. Although a limited number of cases are used, the results provide some initial insight into the skill development process.

Case Study Lessons

The major lesson learned from the entrepreneurs and coaches in these case studies is that entrepreneurs create their knowledge base by actively working on obtaining expertise and skills required for successful business performance. In other words, entrepreneurs learn and develop their skills. Drawing on the literature cited above, we are defining “skill development” as the increasing ability to perform a function. In this case, the ability to identify and capture a market opportunity that creates a financial asset for its owners. This ability must be demonstrated by behavior and results.

Grounded theory principles were applied to the case study data. Both the interview and personal assessment data were analyzed by a repetitive process of familiarizing, coding, conceptualizing, cataloguing, and recoding. Throughout the discussion of our findings, we use quotes from coaches, entrepreneurs, and a system manager that are representative of the sentiments expressed by the full sample. The data provided important insights into the process of skill development described in the following common themes: personal coaching, peer coaching, self-reflection, and learning from mistakes. The personal and peer coaching were found to be effective tools for entrepreneurial skill development. Important insights into the process of skill development were also gained. Self-reflection and learning from mistakes, in particular, were found to be important processes of skill development. The self-reflection process was discovered to be an important condition for the skill development process and appears to be significantly facilitated by individual coaching.

Skill development is initiated with an understanding of knowledge disequilibrium closely related to increased self-awareness (Fischer et al., 1990; Kolb, 1984). The assistance of coach and peer is vital to receiving access to required knowledge. The learning process consists of practice and repetition of new skills. The expertise of the coach and/or peer allows entrepreneurs to expand

existing knowledge of skills and expertise and perform on a higher level. With time, the expertise and skill become more stable, expertise and knowledge are internalized, and entrepreneurs can exercise new skills independently.

Personal Coaching

Several questions posed in the in-depth interviews with entrepreneurs were related to personal coaching. The entrepreneurs were asked about their coach, the relationship they had with the coach and how this relationship changed, the issues they discussed and how these issues have changed, if and how the coaching benefited them, and their general thoughts on coaching. Entrepreneurs discussed various business issues examined with their respective coaches, and some general patterns of coaching impact were observed.

Most of the entrepreneurs developed close and trusting relationships with their coaches. The relationships typically progressed with the length of participation time and were described as “trusting,” “advisory,” “collegial,” and the same as a “board member,” “advisor,” and “colleague.”

The issues discussed with the coach changed with time in the relationship. Entrepreneurs reported that, at the beginning, they discussed their business, in general, and then started to concentrate on specific business issues such as achieving positive cash flow, the hiring process and human resources management, sharing responsibilities with employees, investment in property for business, and so on. The problems solved with the assistance of the coach were routine business issues as well as more general business development problems.

One goal of the interviews was to describe how entrepreneurs use their coaches. This is how one coach (N.) described their relationship with an entrepreneur:

I think mainly K. O. (the entrepreneur) would use me as an *educational* piece. He would use me to challenge himself in terms of his knowledge in business, and to bounce his decisions off me and ask me to play the *devil's advocate*; as a *white board*, you know, putting the ideas up there and then trying to see if there are any dots left untouched or if there is any way that you can connect even more dots. That's the way K. O. would use me. Most of my clients would use me as an educational resource, *to challenge their thinking, to hold them accountable, to grow them* in the areas that they recognize they are weak in.

The interview data suggest that entrepreneurs use coaches as an educational resource. They use the coach to facilitate their learning and to expand their knowledge. Another important observation is that entrepreneurs use coaches as a sounding board for their ideas and a source of feedback. The coaches reflected on using different coaching approaches based on the personal needs and individual profiles of entrepreneurs; however, the coaches also suggested that they helped entrepreneurs to identify their needs.

The coaching process described in the interviews is a process of facilitation of entrepreneurial learning. Coaches first try to unearth the real needs of entrepreneurs. The process of coach engagement is best described in the following manner (an interview with the coach N.):

I guess I would say that I have two strategies. The number one strategy would be to allow them to subjectively assess their current needs and then they approach me as to what they want to learn. The other strategy is for me to define what I believe one of their weaknesses is, and without writing that down and putting it down in front of them in a clear way, try to question them or facilitate them to see that is one of their weaknesses. Then, once there is enough dissatisfaction with that, then putting together a plan of first steps.

The important task of coaching is to help entrepreneurs identify their weaknesses and obstacles. Sometimes entrepreneurs know their limitations and needs, but often they need help in identifying and understanding their challenging areas. The following quote from one of the EDS coaches is representative of this idea:

The coaches assist the process of skill development by facilitation:

I [coach N.] personally believe [that the development of skills is] the facilitation, asking the questions and digging deep, and holding someone accountable. Most business owners know what they need to work on, but never verbalize it. But in the coaching sessions and the team meetings they've got to do that. Once they do that, they are self-motivated. They work on it. The other thing is just awareness. They are made aware that this weakness is visible to people other than themselves, and they don't like for that to be exposed.

The coaches help entrepreneurs identify their problems and address them. The goal of a coach is to navigate

the entrepreneur through the development process: to find and define her/his needs and guide them to resources that develop their abilities in critical areas. The important condition of an entrepreneur's progress, according to the coaches, is the understanding of their need to improve: ". . . you want them to recognize the problem that they have and come up with the way to deal with it, rather than feeling that somebody has told them what to do (coach N.)."

This coach (N.) provided an example of how one entrepreneur has developed over the course of coaching:

Well I think it [the entrepreneur's personal development] has been the result of coaching experience. I am not saying it is all because of me, *but the way he has been able to successfully use coaching to develop himself*. Yes, actually I have seen the biggest change with him over the last six weeks. It's like the things we have dealt with for over a year have suddenly jelled with him. And it has really energized him. I think that particular need, he did see the need to find himself, but it all converged on getting really serious about what was going to go down on paper by him and on that web site. He has become more confident. And I think that has been manifested in more readily pursuing clients rather than waiting for them to come to him. He is more focused on who he wants to pursue.

This entrepreneur has developed himself, and gained confidence. Consequently his business has changed too.

Another illustrative example is an entrepreneur who sets unrealistic goals for himself. The manager (H.) was able to define this problem and then assist this entrepreneur to re-evaluate his goals and translate them into manageable steps: "Once they find something they are really committed to and they are excited about, that gives them the motivation to change." The important insight is that coaching provides assistance to translate the entrepreneur's vision into doable steps—"smaller chunks."

Personal coaching appears to improve the entrepreneur's accountability through regular meetings where progress is assessed and discussed. An entrepreneur (C. D.) expressed the benefits he receives from coaching:

I think the biggest benefit that I expected and really got was the fact that meeting on a regular basis kept the high-level goals in focus and moving toward the next level. It's real easy to get bogged down in the day-to-day details. It's one of those things that the highest priority thing that's going to give you

the most benefit ended up getting relegated to the lowest priority position.

The interview data also suggest that accountability is an important skill developed through the everyday business routine and the constant effort to stay accountable to one's own goals and plans. Entrepreneurs attribute the development of the accountability skill to their personal coaching. Less skilled entrepreneurs often need more help and formal structure to exercise accountability. The case studies show that the coaches spend a considerable amount of time with lower skilled entrepreneurs to keep them accountable and focused through the everyday routine.

Another important theme of coaching benefits that emerged from the interviews is a focus on important goals. The entrepreneur G. I. explained:

However, it's a long process and he [coach] was certainly there to help me get through it, helping me prioritize things because sometimes it would end up on the back burner because I was just dealing with day-to-day tasks. He was helping me prioritize so we could get the accreditation done because it is so important.

Focusing on important tasks in business allows entrepreneurs to work on their business in a planned and organized way (interview with entrepreneur E. D.):

So what N. and H. [coaches] did starting that night is, we began to segment out steps that we were going to take to determine rather than my jumping in and going and trying to do this thing in a nonsystematic fashion; I was going to approach it in a more systematic fashion.

Coaching also encouraged entrepreneurs to think more strategically about their business and work on business development. It provides important assistance to entrepreneurs who are typically absorbed in the everyday routine (interview with entrepreneur K. C.): "It [coaching] forces you, the business owner, to focus in areas that you don't normally in your day-to-day activity."

One coach, T., described outcomes of working with two entrepreneurs who struggled with an employee performance issue in their company. The coaching meetings allowed them to learn that the expectations for job performance were not formally discussed and presented within the company. The coaching helped to address this issue and the result was an introduction of an appraisal

and management system for employees. Descriptions of jobs and performance measures were compiled and introduced to employees. The position-specific job descriptions were used to hire new employees. This process additionally helped the entrepreneurs in question to define their own roles and make an adjustment to sharing responsibilities within the company. These changes in business practice resulted in a higher level of job performance by both the entrepreneurs and their employees. Another change introduced in this company as a result of coaching was a clarification of vision for the company. These entrepreneurs, with the assistance of their coach, were able to envision the future of their company and plan steps to achieve this vision. Another important result, according to the coach, is that the entrepreneurs were able to understand the difference between managing and leading their company. The two entrepreneurs have assumed leadership roles in their company and have become more aggressive in pursuing potential clients. They created a new job assignment for each employee that involves calling prospective clients daily. The coach, T., summarized the impact of his coaching in the following way:

They [the entrepreneurs] learned discipline, focus on issues, identifying processes in business management and development, finding why they lost a client; they involve people in their company in the decision-making process, they receive feedback from their employees, appreciate their employees, understood what their business is and developed a vision.

All interviewed entrepreneurs evaluated personal coaching as very beneficial. The entrepreneurs have been led by a coach through the process of reflection and discovery of critical areas for development. In summary, important benefits from personal coaching are the increased ability to focus on business goals and to stay accountable. The coaches were used as important educational resources. The entrepreneurs also utilized coaches as a sounding board for their ideas. The feedback provided by coaches was crucial to many important business decisions. The coaches also provided emotional support for entrepreneurs.

The learning that occurs through the facilitation by the coach is suited to individual needs. Coaching actually starts by identifying these individual needs. Personal coaching for entrepreneurs contrasts with the standard pre-set curriculum widely used by a majority of enterprise development programs. The case study data support

the assertion that the use of personal individual coaching benefits entrepreneurs by facilitating their learning process. As Lobler (2006) emphasizes, entrepreneurs themselves have to become active producers of knowledge.

Personal coaching adds value to individual development by creating and supporting an intensive learning environment suited to the individual needs of the entrepreneur. The personal coaching of the entrepreneur serves as an important tool for developing the entrepreneur's skills and capabilities. The role of the mentor is to enable the entrepreneur to reflect on actions and, perhaps, to modify future actions as a result; it is about *enabling* behavioral and attitudinal change (Sullivan, 2000, p. 163).

Cope (2005) suggests that entrepreneurial learning can be conceptualized as a dynamic process of awareness, reflection, association, and application; he also proposes that the actual utilization of learning may not follow the experience where learning occurs. The coaching experiences of the entrepreneurs interviewed in the current study demonstrate that the coaching, in fact, enhances the learning, as reflection and awareness are supported through personal coaching assistance. The coaches also encourage utilization of learning. Thus the coaching process not only facilitates learning but also increases the utilization of learning outcomes.

To summarize, coaching involves an important process of preparing the entrepreneur for changes that will improve her or his chance to succeed, doing so in such a fashion that the entrepreneur can realize it herself or himself. Essentially, coaching is based on facilitating learning rather than teaching (Jones & Spooner, 2006; Ladyshevsky, 2006; Sullivan, 2000). Personal coaching is an effective tool for entrepreneurial learning because it facilitates reflection, provides feedback, challenges entrepreneurs, and supports them.

Peer Coaching

Entrepreneurship is a social activity. The value of networking, receiving feedback from others as well as emotional support from peers, was repeatedly cited in most of the interviews. All interviewed entrepreneurs believed that group meetings with peers have allowed for an important social component that was not available otherwise.

One of the recurring themes in the interviews was peer support. Many entrepreneurs reflected on the importance of interaction with other entrepreneurs provided through the EDS group meetings. All interviewed entrepreneurs placed a high value on the opportunity to

meet with peer entrepreneurs, and they also appreciated group interactions.

In the following quote, one entrepreneur (K. D.) explains the meaning of social interaction for entrepreneurs:

One of the things that entrepreneurs face that is detrimental, it's the natural state of being an entrepreneur and it is detrimental to the success of the entrepreneurial venture, *is that physical and psychological sense of isolation*. And I think that it's the culture of achievement—it doesn't have to be anything tangible or quantified for there to be value derived from the interaction. And it is something that creates the forums, the community . . . and by letting it grow organically, it is something that becomes a substitute for the social channels and networks that are formed in larger companies.

As articulated in this interview, social interaction is hindered by the very nature of entrepreneurship as a highly personal endeavor, but at the same time, the social channel opportunities such as networking, collaboration, and belonging to a community are important for entrepreneurs. The interview data that provide understanding of the social aspects of entrepreneurship are explored in more detail below.

As many entrepreneurs spend most of their time handling the issues of their own businesses, they rarely have the opportunity to meet with other entrepreneurs. When interviewed, many entrepreneurs reflected on the different aspects of networking. Group meetings under the EDS model have offered them peer support and encouragement and allowed them to share their experiences and get advice on important business issues as well as regular routine matters. The entrepreneurs also reflected on the importance of sharing their experiences with other entrepreneurs. The experience of interacting with other entrepreneurs was highlighted as especially helpful, as entrepreneurs find much more understanding with others involved in small business because they often share similar experiences. Peer entrepreneurs provide each other with valuable information and advice based on these experiences. The opportunity to meet with peers, therefore, provides entrepreneurs with productive learning experiences, helps them to maintain positive self-esteem, and provides a forum for sharing ideas and receiving unbiased and trustworthy feedback. Many entrepreneurs define the type of communication experienced in the EDS group meetings as unique. They note that the meetings have created an uncommon true connection between entrepreneurs. The typical group meeting is a gathering of

entrepreneurs of similar skill level. There is usually a facilitated agenda that might include a business topic presentation and discussion, and there is always time allocated to the informal discussion of the entrepreneurs' issues. All of this suggests that a group meeting is a type of engagement that is based on the sharing of problems, advising and supporting each other, and actually contributes to the creation of a sense of community among entrepreneurs; it is a place where people "really care" about each other.

The entrepreneur C. M. calls attention to the fact that social collaboration positively impacts his accountability and encourages him to succeed:

For instance, first of all I know that I have to have something when I meet, something prepared that I have done. The reinforcement comes because when I know I can see my coach, I need to see my coach and I need to see my teammates, when that time comes I need to see them. I mean, we run over time for our team meetings, and we have to cut it off. There's been times maybe one of the team people didn't even get to say anything because we took time on another person. So, we actually run over.

The group meetings serve not only as social support; they also provide a place and opportunity for learning. This entrepreneur (C. M.) reflects on a group session where entrepreneurs were given the opportunity to connect with peers from different skill levels:

When you hear from the upper classes (higher skilled groups) and they are telling you what you are going through, that everything is not going to be sunny every day, there will be some storms, some problems, some things that are going to devastate you, bankrupt your business, but you have to make the effort to stay in business—when you hear people talk like that, the last thing you hear is: you can make it. If we can come through these things and make it, then you, Rookies, can make it. So you always learn something if your ears are open around people who are more experienced and have been in business for a long time. And that's what I heard at the Plenary Session. [It should be noted that a "plenary session" is a biannual gathering of entrepreneurs and coaches from across skill levels that affords an opportunity for sharing experiences.]

This entrepreneur reflects that the experience of interaction with peers with more advanced skills has provided

him with the confidence to overcome obstacles shared by more experienced entrepreneurs. He has been able to use this information to educate himself. The entrepreneurs who successfully resolved their business issues are encouraging examples for someone who is starting his or her business.

Another entrepreneur (D. M.) described the advantages of his participation in the group meetings:

It gives you a chance to lay out a problem in your business, and everyone has suggestions or comments. You get information to help you, and you also get to give assistance to other team members. It's just a rewarding feeling that you might have helped someone.

As he pointed out, the benefit of group interaction is twofold: the entrepreneur receives helpful feedback on his problems and also can help other participants by sharing his knowledge and experience. The data suggests that the opportunity to share one's own knowledge, expertise and skills is valued by entrepreneurs as highly as that of receiving assistance from others.

One entrepreneur (K. C.) reflected on his experience in group meetings:

But even though we are all in different lines of work, when we start talking problems, like hiring or firing, they are common to all of us. And we have all had different experiences, and what has been beneficial to me is to hear how someone else has dealt with something and to hear how it worked or did not work. That's been the most beneficial part to me from the group meeting.

This entrepreneur draws attention to the fact that because entrepreneurs face similar problems they value each others' experiences and trust each others' advice and suggestions. He also suggested that encouragement from group members is especially valuable, as these people have often overcome similar problems:

It's one thing to come up with an idea of your own, but to have people say, "Oh I've tried that and it worked for me, or that's a good idea," it's positive reinforcing. Those guys are great cheerleaders or a good support system to let you know, "Hey be persistent, you can do this here; stick in there. Here are some bad times that I have had, or here are some things I have faced, or here is how I got through it." And just knowing that there are other people who

understand and know how hard it is and can appreciate you and encourage you to persist and go on. The first year in business was hard.

This entrepreneur (K. C.) compares his peer group to a board of directors that provides him with feedback. He points out that the group interaction provides opportunities to learn from other people's successes and failures and that this learning actually helps him to avoid possible mistakes:

The benefit from the peer group and the team has been what amounts to a non-paid board of directors because most of us are going through the same types of issues. And it doesn't matter what industry you're in. Cash flow, human resources, and business development are really the three things every, I mean . . . , we have clinical researchers, contractors, a publisher, a technology company, a community development company, and a janitorial company, among others—we are all dealing with the same things. Cash flow is an issue. Human resources and turnover is an issue. Hiring the right people to avoid the turnover is a major issue. Finding new markets, expanding in markets—the specifics are different for each company, but the general problems you encounter are all the same. It's allowed everybody to learn from others' mistakes or successes, so we don't have to learn it firsthand.

The issues of financing, cash flow, human resources, and business development are essential areas for every business and mentioned in most of the interviews. The social networking with the peer group provides entrepreneurs with access to informal knowledge in this area. The main characteristic of this informal knowledge is that it is tested by peer entrepreneurs.

The informal knowledge of entrepreneurs shared within group meetings compensates for the vague and general character of available data. Direct experience from other people is appreciated as a valuable and personal evaluation tool. The social interaction, in fact, has provided entrepreneurs with an opportunity to coach each other. More important, this collective knowledge serves as a main resource that every member of the group can share and benefit from. The result of such communication is the creation of a truly connected community of entrepreneurs that provides essential and important functions such as social support, learning, and business partnership.

In brief, then, the interview data provide strong evidence of the importance of social communication among entrepreneurs. As has been shown, the opportunity to meet with other entrepreneurs is highly valued by all participants. The entrepreneurs discussed several advantages that the group meetings provide them. First, the nature of their everyday business commitment prevents them from networking and interacting with other entrepreneurs. They experience social and even physical isolation working in their businesses. The group meetings provide an excellent opportunity to replace the missing structure of social networks and peer communication. The informal structure of the meetings has provided the opportunity for strong personal connections to develop between individual entrepreneurs as well. Group support is an important factor in overcoming stressful periods in business development. The emotional encouragement from the group members is an important reinforcing factor for many entrepreneurs dealing with difficult business issues.

One of the crucial conclusions of this study, then, is that peer interaction facilitates a learning process. The learning that occurs in real-life situations facilitated by peers helps learners construct their own understanding. Ladyshevsky (2006) found that peer learning is enhanced by critical thinking and meta-cognition, and identified five categories of explanatory factors in peer learning: knowledge expansion, perspective sharing, cognitive conflict, and alternative perspective.

When entrepreneurs engage in a discussion with their peers about business problem solving, the possibility of knowledge expansion emerges. The entrepreneurs reported that they learn from others' experiences. The experiences of peers become an important source on which the new knowledge is constructed and new concepts emerge. The experiences of other entrepreneurs provide a framework to understand one's own experience, or as one EDS entrepreneur expressed it: "And we all had different experiences and what has been beneficial to me is to hear how someone else has dealt with something and to hear how it worked or did not work." The entrepreneurs share not only specific experiences but they also exchange and discuss the information on how to deal with different business situations: "It was six more opinions and six more examples of how they handled the situation."

Another concept of peer learning is perspective sharing. Interviewed entrepreneurs reflect that it has been very helpful for them to hear opinions of other team members. They discover that peer feedback provided them with a different perspective on business matters:

I probably think about things in a different way. I look at things at a much broader perspective because I have got 10 to 14 people that I meet with every month that I have heard about experiences that they have had or the things that they have done; the things that have worked or have not worked. (Interview with G. I.).

Sharing perspectives provides valuable insights that stimulate learning by providing new perceptions of real-life situations. Entrepreneurs describe it as “getting an outside viewpoint.” “It gives you a chance to lay out a problem in your business, and everyone has suggestions or comments.”

The verification of existing knowledge is another important concept in peer coaching. The entrepreneurs reveal that in group meetings they often receive reassurance for their business decisions. Knowledge is reaffirmed through peer discussion and the exchange of ideas.

So I pick up information from things that they have done that have hampered their business and how some things I may be able to circumvent and some things I may not be able to circumvent. So you always learn something. (Interview with E. D.)

The cognitive conflict is one more concept of peer learning. The cognitive conflict facilitates learning through the acquiring of new knowledge: “The major benefit was meeting other people and learning the skills that I don’t have.” Some entrepreneurs report this as experiencing “ah-ha” transformational moments that help them understand something important about themselves: “There were just a number of ‘ah-ha’ kind of moments . . . we would tend to get down and argue about what’s important. And it helped me to coalesce inside my mind the right way to go for me.” The discussion among entrepreneurs also helps them gain an alternative perspective. The possibility of receiving alternative perspectives provides a valuable learning experience as it reframes existing knowledge: “. . . their experiences have shown them something that I have not seen.”

The quality of the relationship is also important to peer coaching success (Ladyshevsky, 2006). The entrepreneurs cited the importance of receiving support from their peer team and compared the team members to “it is like your Board of Directors,” “it’s [the team] your cheerleaders, they say: ‘you actually can.’”

Peer relationships created opportunities for social support that many entrepreneurs were missing: “. . . it is

something that becomes a substitute for the social channels and networks that are formed in larger companies.” It also served to enhance self-confidence: “Whether it’s five people there or nine, the reinforcement comes in when you know people really care about your business. People want to see you succeed . . .” The important part of peer group success in learning is the deliberate establishment of non-competitive environments among entrepreneurs assigned to the groups. Ladyshevsky (2006) also notes that the success of relationship and learning in a peer coaching student group is attributed to the use of nonevaluative communications.

Learning facilitated by peers actually enhanced the individual entrepreneurs’ learning by providing them with opportunities to expand and verify their knowledge and to be able to receive helpful feedback in the form of alternative perspectives. The deeper self-reflection and understanding were also encouraged by a trusted environment and noncompetitive relationships. The peer entrepreneurs meetings contributed to a sense of community among entrepreneurs. The entrepreneurs were able to build social capital that assured learning and genuine support from peer entrepreneurs.

Reflection and Skill Development

All interviewed entrepreneurs reflected on personal transformation as an important part of their learning. Research data indicate that learning for entrepreneurs starts with self-reflection. This supports the work of Lobler (2006), who suggests that entrepreneurs learn by discovering and developing themselves.

Learning starts with a change of mindset and a deeper understanding of one’s weaknesses and strengths. Entrepreneurs who effectively engage in learning first learn about their own identity and personality. There is a difference in self-reflection capability among entrepreneurs of different skill levels. For example, the case studies reveal that Rookies and Single A entrepreneurs typically, at the inception of seeing themselves as entrepreneurs, need assistance to reflect on their abilities to conduct business. The several profiles of Rookies and Single A entrepreneurs (case studies) suggest that they learn more about themselves and understand their strengths and weaknesses prior to advancing their skills and knowledge. The major self-learning outcome for Rookies and Single As is a sense of self-awareness and increased self-confidence.

One example is an entrepreneur who has described his evolution from being “solo-preneur” (self-employed) to becoming an entrepreneur. This personal transformation

has also translated into the way he conducts his business. He has changed his strategy from pursuing any business contract that comes along to offering specialized business services and targeting a specific client niche. Another woman entrepreneur reflected on learning that she is a businesswoman and on believing in herself. This enhanced self-confidence led to her increased ability to access needed resources for developing her business.

The critical change in self-perception allows entrepreneurs to learn important information about themselves. The significant outcome of self-discovery described above is that the personal transformation potentially changes the way the entrepreneurs operate their businesses. One example of this personal transformation is a realization of the different roles they need to perform to advance their businesses. The interviewed entrepreneurs reported realizing the necessity of being a leader and gradually shifting their responsibilities in the business, allowing themselves more time to work on business development instead of maintaining business routine.

One entrepreneur reflected on learning the difference “between good and better” and on appreciating the need to grow for himself and his company and, consequently, he changed his role within the company and became more comfortable in taking greater risks. Another entrepreneur reflected that he experienced a “monumental breakthrough” in his life through self-realization of his role in his business, and now he thinks “as entrepreneur and a leader.” Another entrepreneur appreciated that his coach helped him “admit my ignorance and fear” and found the gap in his vision for the company. The major self-awareness shift for this entrepreneur was his ability to acknowledge his limitations and start working on developing his company.

This self-learning process also allows for reflection on existing knowledge that reveals the entrepreneur’s inability to deal with certain problems because of her or his limitation in skills. The discovery of this disequilibrium between existing knowledge and required expertise becomes possible through the self-reflection process.

The learning process of entrepreneurs starts with the personal self-reflection that allows them to discover their weaknesses and address them. The learning for entrepreneurs is a self-transformative process. The case study data suggest that role identity is crucial to the learning process of entrepreneurs, and it is a foundation for further learning.

These findings are supported by the cognitive theory for explaining entrepreneurship, which suggests that entrepreneurs change their attitude and intentions toward entrepreneurship as they get involved in entrepreneurial

training (Krueger, 2001; Peterman & Kennedy, 2003). Krueger (2007) proposes that the role identity of the entrepreneur has not yet been addressed in the field: “the entrepreneur’s perception that ‘I am an entrepreneur.’” Rae and Carswell (2000), studying the life stories of high-growth entrepreneurs, found that these individuals built a set of capabilities and knowledge that they continue to improve in their careers, and, importantly, also appreciated their limitations and weaknesses as their self-awareness grew.

Our case studies suggest that the entrepreneurs developed their self-awareness skills. The process of skill development is complex and also unique for every entrepreneur; however, there are certain components of the learning process that are common for many entrepreneurs. First, entrepreneurs learn how to learn and acquire skills. The preparation or facilitation of learning is essential for Rookie entrepreneurs. The ability to learn typically improves with the progression of skills. The learning process is initiated with the self-reflection process. Productive self-reflection uncovers disequilibrium between existing knowledge and skills and the demands of business. In other words, entrepreneurs discover their limited capacity to address certain business issues. This realization of self-limitation is an essential condition for further learning.

The discovery of a limitation creates the motivation to overcome it. Entrepreneurs become motivated when they know what actually limits their business performance and can work to increase their expertise in the relevant field (Man, 2006; Sullivan, 2000; Zimmerman, 1990). Learning for entrepreneurs is experiential: its outputs derive from specific business situations (Cope, 2005; Kolb, 1984; Politis, 2005). The learning outcomes also address specific business situations. Learning for the entrepreneur is adaptive: It seeks to resolve the unconstructive outcome in the business environment and advance the ability of the entrepreneur to solve it.

The results of this study demonstrate the importance of reflection to the skill development process. The entrepreneurs reflect on their abilities, experiences, and learning and develop specific expertise relevant to their business. The process of reflection is a central mechanism of entrepreneurial learning.

Mistakes and Skill Development

Learning from mistakes was a distinctive theme of these case study interviews. Entrepreneurs reflecting on their mistakes provided useful information to their learning process. All interviewed entrepreneurs reported

failures and mistakes in their business experiences. The entrepreneurs described specific situations involving mistakes and their handling of these critical situations. An important conclusion is that entrepreneurs were able to successfully deal with these mistakes because they learn from them. The entrepreneurs were able to reflect on their mistakes and analyze possible causes.

Cox and Jennings (1995, p. 9) suggest that it is the ability to learn from mistakes that makes successful entrepreneurs. The case studies of the current research also suggest that those who successfully dealt with mistakes were first able to admit their mistakes and adopt a practical attitude of learning from them. This constructive attitude toward mistakes, or critical incidents, enables entrepreneurs to analyze them. Sullivan (2000) argues: "In all, it is about facilitation that enables the entrepreneur to dissect, reflect and learn from what could be termed a 'critical incident'" (p. 163). Sullivan offers that the ability to reflect involves double-loop learning: the capability of a person to draw on experiences and use the experiences of others.

Learning from mistakes as described in these case studies has been significantly facilitated by coaching and peer support. Some entrepreneurs reflected that coaching has helped them identify and articulate their mistakes. The group of peer entrepreneurs provided each other with opportunities to exchange experiences and learn from mistakes. Another advantage of the peer group is the opportunity to receive advice in a noncompetitive environment. Both coaching and peer support were valued highly by entrepreneurs as sources of help in dealing with mistakes and failure in their businesses.

Measures of Performance

As part of the Social Agreement that clients sign to participate in the EDS, entrepreneurs are required to submit quarterly information on key aspects of their operations, which the Advantage Valley EDS agrees to report on an aggregate basis in order to maintain confidentiality. Although there was some difficulty in collecting this information during the first 2 years, the Advantage Valley EDS is now receiving it on a rather consistent basis (largely due to a new policy that temporarily suspends all coaching activity until the data has been received).

Four entrepreneurs from our case studies have moved up in skill level during their participation in the Advantage Valley EDS. Two entrepreneurs advanced from the Single A to the Double A level, another entrepreneur moved from the Rookie to the Single A level, and one more entrepreneur achieved the Double A level and then elected to become a coach. Among the entire population

of client entrepreneurs, since the start of the EDS program in November 2004, 15 entrepreneurs out of 66 participating clients, or 22.7%, have moved up to a higher skill level. Nine Rookies have moved up to the Single A level and six Single As have moved up to the Double A level (Lichtenstein, 2008). This movement is determined by having the entrepreneur repeat the skills assessment that they did when entering the program for the first time.

For every dollar invested in the Advantage Valley EDS by the Benedum and Kellogg Foundations, EDS clients generated \$33 in sales revenue over a 38-month period. Of these increased revenues, 13% were from sales outside of the region. The increase in sales outside of the United States was insignificant. During this period, 49 *new* jobs were created at a cost per job of \$34,344 (Lichtenstein, 2008). Given that the focus is on developing entrepreneurial skills, these job generation results are not one-time impacts but can be expected to continue over time, even without further investment.

The Single A entrepreneurs accounted for 81% of total sales revenue; they account for 64% of the total number of clients. The Double A entrepreneurs accounted for 13% of total sales revenue and only 7% of the client base. The Rookie entrepreneurs accounted for 6% of total sales revenue and 29% of the client base. Other interesting observations include the following facts:

- The sales revenue for the *average* Double A was *1.6 times* that of the sales revenue for the average Single A; the sales revenue for the average Single A was *6 times* that of the sales revenue for the average Rookie.
- The sales revenue of the *median* Double A was *6.5 times* that of the sales revenue for the median Single A; the sales revenue for the median Single A was *10.7 times* the sales revenue for the median Rookie (Lichtenstein, 2008).

Although this latter outcome data is for the aggregate of all entrepreneurs in the Advantage Valley EDS, it should be noted that all entrepreneurs receive exactly the same coaching treatment as do the 17 entrepreneurs interviewed for this study.

Discussion of Research Findings

The results of this study suggest two major conclusions. First, entrepreneurs build their skills through a process of development. Additionally, some important mechanisms of the skill development process are

unveiled. The second major conclusion rests within a theoretical domain and proposes that the concept of skill captures the development of entrepreneurs observed during their involvement in personal and peer coaching. Thus, we suggest that the concept of skill can be usefully applied to analyze the experiences of entrepreneurs.

The case studies support the idea that entrepreneurs come to entrepreneurship with varying skill sets. The important consideration is that the entrepreneurs have different skills and therefore different developmental needs to improve their performance in business. The study also demonstrates that the content of learning represents a wide range of different business issues. Learning derives from solutions to particular business problems.

These case study findings suggest that initially entrepreneurs have increased their self-reflection skill through the coaching process. The learning outcome of an increased level of self-awareness is not a final outcome in itself. It is a springboard to further learning. The self-reflection process leads to the enhanced comprehension of entrepreneurs' own strengths and weaknesses. As Wales (2003) points out, "Coaching develops the external aspects of leadership and management, while encouraging the internal support qualities of *self-awareness* and *confidence*" (p. 279). Personal coaching was found to provide an invaluable opportunity for entrepreneurs not only to reflect and discover their problematic areas but also to address and make progress on these issues. Personal coaching also provided important support to entrepreneurs, who experience high levels of stress while working on building and developing their companies. The social aspect of skill development is consistent with the finding that peer learning provides advantages to entrepreneurs as it creates the opportunities for exchange of knowledge, sharing of perspectives, and discovery of alternative solutions.

Learning is a dynamic process accompanied by changes in skill level. External help, such as coaching and peer mentoring, facilitates the entrepreneur's learning. Personal and peer coaching provides a means to assist in the learning process.

The case studies suggest that learning starts when entrepreneurs reflect on their limitations and discover a gap between their capacity to deal with specific business situations and the skills they possess. Learning is not possible if there is no disequilibrium of existing knowledge and skills. When the entrepreneur struggles to find her or his limitations, the coach can facilitate the process by asking difficult questions, by digging deeper, and by helping the entrepreneur understand what the limitation is.

The entrepreneurial learning studied in this research is facilitated by a coach and by peers. The role of a coach is to facilitate learning based on entrepreneurial needs. The coach assists entrepreneurs in defining their limitations. Entrepreneurs also reflected that the coaches helped them stay accountable and focused on business needs. The personal coaching is matched to the individual needs of entrepreneurs. It provides developmental opportunities for entrepreneurs and significantly facilitates their learning. It might be argued that personal coaching delivers more permanent results as it is oriented to increasing the capacity of individual entrepreneurs. Learning from experience is a process of making sense out of experience (Rae & Carswell, 2000), and the process of coaching increases the opportunity to learn from previous experience. Coaching also facilitates learning from critical events essential to entrepreneurial development (Cope, 2005). Effective coaching assimilates the external change and development with internal change and development (Wales, 2003).

Lobler (2006) suggests that learning for entrepreneurs starts with the questioning of common knowledge. The case study data clearly supports the consideration that the learning is actually initiated with self-discovery as interviewed entrepreneurs reported first on learning about themselves and their own strengths and weaknesses.

Peer relationships develop a community for entrepreneurs that provides important networks for sharing knowledge, support, and possible business collaboration. An important finding of this study is that entrepreneurs, when presented with the opportunity to connect with other entrepreneurs in a non-competitive environment, build significant social capital. This social capital is used by all participating members to advance their own knowledge and expertise, to learn from the experiences of others, and to help each other. The relationship with peers provides entrepreneurs with needed emotional and psychological support.

The development of skill observed in the case studies corresponds to the learning process according to the constructivist perspective (Lobler, 2006). The principal difference of the constructivist approach from other theories is its assumption that knowledge is not only a stock of expertise but also the ability to use this expertise in meaningful ways. The purpose of learning, defined in the constructivist approach as adaptive, serves to organize and help cope with experience. The purpose of knowledge therefore is not simple acquisition of knowledge and skills but the development of skills to successfully deal with the world of experience. The learner plays an

active role in learning. He or she is not destined to passively receive knowledge. Instead, he or she has to actively participate in construction of new knowledge or new meaning. The role of the teacher is not simply to present new information, correct mistakes, and demonstrate how to act but also to guide the learner. The successful teacher needs to understand the background of the learner, her or his experience, ideas, and thoughts.

Parker (2006) found that entrepreneurs rely more on their previous experience and beliefs (84%), in comparison with new information (16%), when forming their expectations. Parker suggests that an entrepreneurial program should emphasize continued awareness, learning, and especially flexibility.

It should be acknowledged that this research is based on the field experience of an innovative enterprise development program. The case studies provided some insights into the skill development process by entrepreneurs engaged in a personal and peer coaching intervention. The results of this study, however, are preliminary, and further research into the process of skill development is needed.

Conclusion

Personal and peer coaching can be employed as tools targeting active learning of entrepreneurs in their usual business environment. This type of learning is thought to be more constructive than passive learning approaches currently used in enterprise development as it transforms entrepreneurs' capabilities and addresses their actual needs. It was found that personal coaching prepares entrepreneurs for change through a process of self-realization. Personal coaching facilitates learning by assisting reflection, providing feedback, challenging preconceptions, and providing support. Peer group coaching was found to also enhance the entrepreneur's learning process by building social capital that affords moral support, access to innovative solutions to problems, advice, and the benefit of multiple perspectives on an issue. Most important, preliminary outcomes data show that entrepreneurs engaged in these two types of coaching, taken together, advanced their skills and grew their businesses.

These findings suggest that those organizations that seek to foster entrepreneurship should consider the importance of skill development by entrepreneurs. Personal and peer coaching are found to hold promise as effective and transformative tools that systemically enhance entrepreneurs' business capabilities.

In light of these findings, we suggest that entrepreneurs learn by developing the skills that help them solve specific business tasks. Entrepreneurial learning is an

active process of creating knowledge and developing skills. Those who assist entrepreneurs should refrain from the model of passive transference of knowledge and focus on creation and facilitation of a supportive learning environment targeting the development of entrepreneurs themselves. We offer the following recommendations to entrepreneurship service provider organizations toward creating and maintaining such an environment:

- Assess the current skill level of individual client entrepreneurs so that coaching can be tailored to their needs, which are different at each skill level.
- Continue to monitor changes in skill level, so that coaching can be modified accordingly.
- Hire program staff with actual experience in entrepreneurship and training in state-of-the-art business coaching practice, or train existing staff in business coaching.
- Combine client entrepreneurs into peer coaching groups at the same skill level. Entrepreneurs prefer the advice of their peers to that of external service providers (Fischer & Reuber, 2003).

Two important and unanticipated challenges arose during the implementation of the Advantage Valley EDS's coaching program that are worthy of note. First, it proved exceptionally difficult to find qualified local coaches for the system and to keep those coaches. This was due in part to the fact that people with both peer group and personal coaching skills were rare and in part to the relatively low salary that the system could afford to pay its coaches. This is also a region of low levels of entrepreneurship as defined by a low start-up rate and depressed levels of self employment relative to other regions in the country (Association for Economic Opportunity, 2004; Corporation for Enterprise Development, 2007), making coaches with entrepreneurship experience harder to find. The Advantage Valley EDS was just beginning to address this problem with a "grow your own" strategy involving client entrepreneurs who later became coaches, as noted above. In a situation like this, where there is insufficient coaching talent, it is even more important to focus on developing skills. However, this is a very long-term strategy that does not address initial short-term coaching needs.

Second, in its early months, the Advantage Valley EDS had to contend with some client entrepreneurs who were not committed to the coaching relationship—not doing the assignments jointly made with their coaches, missing meetings, and so forth. This proved disruptive,

particularly to the peer groups. The EDS dealt with this by removing these unmotivated entrepreneurs from the system; however, this tactic was not truly effective until the demand for coaching slots was greater than the supply so that the system was able to follow up on these plans without reducing peer group sizes to levels that would be detrimental to their efficacy.

This research provides preliminary data on the skill development of entrepreneurs. This analysis of entrepreneurs engaged in personal and peer coaching has allowed us to take a first step into understanding how the skill development process works and how coaching impacts that process; however, skill development is transformational and takes considerable time to unfold. Longitudinal research is necessary to further our knowledge of how entrepreneurs develop their skills and how the skill development process affects both entrepreneur and business performance.

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