

Value creation in SMEs. The Entrepreneur's Viewpoint

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Conceptual background

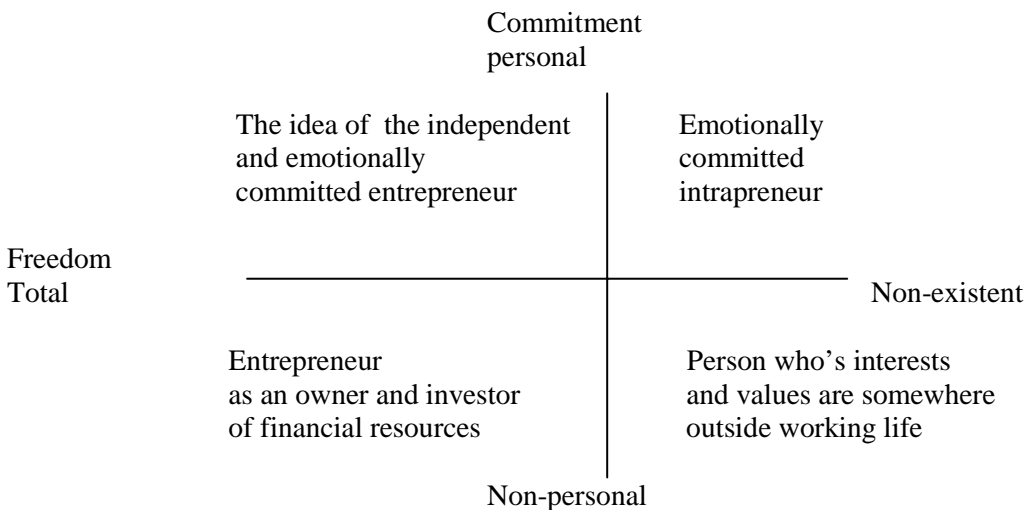
The problem addressed in this short paper is how entrepreneurs themselves see the values they have created during their career. This is a first preliminary report of ongoing research. The empirical part of the paper is based on the knowledge accumulated during a long-term friendship, and interview type tape-recorded discussions with a local experienced entrepreneur.

Value is a concept with many dimensions. Monetary value measured through market price is only one of these dimensions. Entrepreneurs, and individuals in general, may value the 'good life' and concrete symbols of this such as good food, clothing, cars, housing and numerous other facets. Their values may be more abstract and focused on things such as success, publicity, fame, reputation., achievements. They might value art, education, courage, justice, honesty. The dimensions of the concept value are innumerable. However, they can be reduced to three main groups. The first is ideals like honesty, courage and justice. The second is the group of concrete and abstract goals we have in our lives such as money, status and the tangible things in our lives. The third is the group of experiences such as those we may receive from art, adventure, travel and particularly those often invaluable experiences we gain in contact with other people, our relatives, friends and loved ones. (Turunen, 1993)

As with values, the boundaries of the concept of 'entrepreneur' are not clearly defined. We may speak of entrepreneurs, intrapreneurs, or the less definitive 'entrepreneurial behaviour'. In modern times franchising and other types of entrepreneurial networks have also blurred the boundaries of the concept. The main dimensions of the entrepreneur concept are in operational and financial independence, or in emotions, commitment and freedom. In both dimensions there is a wide spectrum of combinations from total freedom to nothing at all, and from total personal emotional commitment to the impersonal commitment of an outsider. The two dimensions are illustrated in Figure 1.

Figure 1

The dimensions of entrepreneurship



The picture of the entrepreneur in our minds is often an idealistic portrayal of an independent and committed person working for his/her own good, but also working for and benefiting the whole society. This is, however, an extreme case. In most cases modern business-life is complicated and entrepreneurship has degrees from zero to hundred if expressed in percentages. The most important and basic concept here is entrepreneurial freedom. Freedom is an illusion if the entrepreneur is not free to act according to his plans. Most often the limits are set by financial constraints. As Wahlgren (2000, 90) points out: "Profitability is a necessity for experiencing entrepreneurial freedom, and the degree of financial independence is reflected in the priorities of owner managers managerial work."

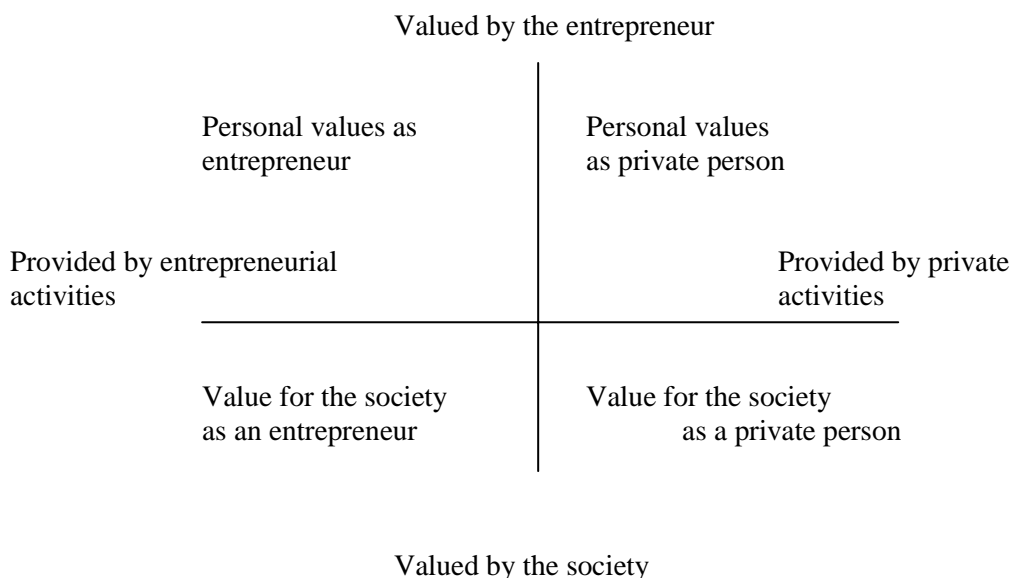
In this paper the right hand side of Figure 1 is the domain explored. The modern entrepreneur has to plan and judge his/her business from the point of view of his personal goals in life but also simultaneously from the point of view of an owner and investor. Most often, however, the entrepreneurs' professional life and personal life are intertwined so that they cannot be separated. Managing their own business may well be a way of life or a hobby as well as a profession. There is some evidence that some examples of success, for example in art and craft related entrepreneurial small business, is defined through satisfaction of both personal and business goals. (Paige and Littrell (2002, 321) In this work high on the list of goals were the following; achieving personal happiness and fulfilment; having independence and control over one's life even goals like reinforcing the region's cultural identity and receiving personal gratification in working with crafts were major goals and success criterions.

There is also research which indicates that attitudes differ greatly towards the way of life type mix of personal and family related matters and business matters. Some entrepreneurs want to keep family and business as separate domains of activity. Others want to see them intertwined into a way of life (Birley 2002)

On the basis of the above, the entrepreneur may contribute to and create value during his/her career in four domains. The first is the contribution of his/her work to the wider society. The second is the values this work provides to the self. As the work and personal affairs of an entrepreneur often blend into a special way of life, we have to distinguish two other value creation processes. These are the values that private activities outside professional activities provide to the society and the values that private activities provides to the self. These four domains are illustrated in Figure 2.

Figure 2

Value created by the entrepreneur



Value creation from the point of view of the entrepreneur

Mr Juhani Tahvonen is about 60 years old and has made a career of more than 30 years as an entrepreneur. The firm is a family firm. He runs it together with his wife. Now they are both about to retire and turn the firm over to the next generation. Originally the firm was started by the great grandfather of the current entrepreneur 155 year ago as a regular farm, where farming and fishing were the main occupation. The grandfather of the entrepreneur started a side-line in making bricks. These were used also in the construction of the oldest buildings of the University of Jyväskylä, which even today stand on the campus. He was very active also in community affairs. He was one of the founders of the local primary school and in other activities which enhanced the development of the local community. The farm is in the vicinity of the town. he grandfather of the entrepreneur started growing vegetables for locals sale and gradually the gardening expanded and its marketing area grow to cover several towns in the eastern Finland. His father developed this line further and started greenhouse cultivation. Juhani Tahvonen has developed this further into a fully fledged garden centre, which has developed into a major nationally known tourist attraction of the region..

So, how does Juhani Tahvonen interpret his long career and work? How does he view entrepreneurship? What value has he created for himself, and how does he view his contributions to the wider society? What are his achievements, what the decisive moments of his career? Those are the research questions of the empirical part of this short paper.

Entrepreneurship is to him simultaneously a profession, a career and a way of life. The core of his view is seen in his statement that his responsibility is to look after the firm and garden he has received from the previous generation during his time so as to be able to hand it over to next generation in even better shape than it was when he received it. "In big business the basic unit of time is a quarter of a year. In entrepreneurial activity the basic unit of time is a quarter of a century, one generation", he says. But as he very strongly emphasizes, the will to create something new is an inbuilt feature in his life and so it has been in the lives of the previous generations. He is actively wondering all the time what could be created, and what could be done in a new way. He could not imagine a situation, where, after creating something new he would just run the business without all the time thinking how to develop it further, how to create something more.

In the years Juhani Tahvonen has run the firm the town of Jyväskylä has grown to embrace the firm and its gardens. The environment has changed from neglected outskirts of the town to a partly residential, partly industrial area. He sees that his main achievement has been in developing the garden into a thriving business, which in its field is one of the best in the whole country. He will be able to hand over to the next generation a firm that is viable in the modern business world, an entirely different firm from that which he inherited. The firm serves him, and his family, but also the neighbourhood and the town by offering services and even the national tourist industry as a tourist destination. Juhani Tahvonen is proud of his achievements and business value creation as a private entrepreneur, and as a manager of the resources entrusted to him by the previous generation

In addition he sees that he has created something of great value to the town, and the neighbourhood, in developing the garden centre and its environment as a pleasant and beautiful part of the town. In this work he has been involved in the planning of the neighbourhood of the garden centre in active cooperation with the town planning department of the town of Jyväskylä..

His professional education is in the field of gardening. His success as an entrepreneur he says is to a great extent due to the management education he has received. His initial basic education of how to be a successful entrepreneur was received at he beginning of his entrepreneurial career in courses arranged for entrepreneurs and managers of small business by the local office of the Ministry of Trade and Industry. The Junior Chamber of Commerce and its activities was another venue where he learned a lot about the problems and

solutions of other young managers. Later on in his career, about 20 years ago exactly, when he was facing the major decision of building the garden centre he attended the management education programme of the Advanced Management Education Centre of the University. He particularly valued working with participants from different backgrounds in this programme. That gave a wider perspective of business life and was much more thought-provoking and inspiring than programmes designed solely for gardeners would have been. He observes that everyday business takes at least 80 percent of the working time, but there must always be time to think about the future, to play with ideas and alternative future scenarios. "Active wondering and speculating of how things are and how they could be in the future is the basis of all planning", he says. "You have to wonder how things are, question matters, listen to people, speculate and reason, imagine alternatives. It takes years to find the route to the future, there are no quick answers".

Outside his career as a private person he sees that his major value in creating activity for the wider society has been during the latest five or six years in his active participation in furthering entrepreneurship education in Finland. Knowledge and learning are invaluable for all professions, especially for entrepreneurs. In the same way An entrepreneurial attitude and view on life are more and more significant in all fields of professional activity. In Finland there is a general aim of developing curricula at all levels of education, in addition to the goals set for knowledge and learning, to bring in the idea of the independent enterprising individual as the goal of education. The knowledgeable, active, independently thinking and enterprising individual is of core importance whatever career paths are taken. Juhani Tahvonen has participated in this work actively as a member of the working group set up by the Federation of Finnish Enterprises. Simultaneously his wife, who is teacher by profession has worked as developer of entrepreneurship education in working groups of the National Board of Education. Creating activity as private individuals for the benefit of the society at large is what they value most. They would be content and satisfied to see this part of their work yield fruit. Of all the rewards in his life and career, the most rewarding is to see and experience the personal growth of people. "They develop, learn, grow and become independent enterprising individuals". It is the same with his own personal growth. It is a joy to see that one can grow through his entire career.

Juhani Tahvonen is currently facing the third major decisive moment of his life. He is about to transfer the ownership and management of his firm to his son. The first was to accept the career of an entrepreneur, and the second to make the major investment and changeover from gardening into the garden centre business. He had to make the first hard decision just when he started his university studies at the University of Helsinki. He had not planned to become an entrepreneur in his fathers garden business. His first intention was to become an engineer. He could not gain admittance to engineering studies, so after his compulsory military service he started studies in the faculty of agriculture and forestry of the University of Helsinki. He had worked all his spare time through his youth in the family garden and by this time knew very well what kind of work was involved.. The decisive point was a letter his mother wrote to him. In the letter she said that his father was growing old and tired, and could not manage the burden of all the work for much longer. She promised, that if he would come back the firm would be transferred to him so he could start his career as an independent entrepreneur. That letter changed his life. The promise of a career as an independent entrepreneur from the first day was decisive.

The second decisive moment was the decision to make the major investment and build the garden centre. The triggering fact was the decision of the town to build a major power and district heating plant in the vicinity. The representatives of the town approach him and asked whether he would like to sell his garden. The site would be needed for the power plant. Even in the best cases there would be only a few hundred meters between the plant and the garden, if he stayed. The representatives of the town also said that the centre of the town was not the proper place for gardening. If he had sold the garden, he could have acquired and built a new garden at a new site outside the town. The town, its residential and industrial areas had already extended beyond the garden. The options were to stay and do something, or sell and move to another location. The fact was that the site was not any more the best possible for extensive outdoor gardening or vegetable production. It was a site suitable for selling flowers, plants, garden equipment, tools, seeds, fertilizers. The decision was to stay and build a garden centre, a big one like those found abroad. It was not an easy decision, the risks were great and it was difficult to get the banks and other financial institutions to

agree to the idea. The decision to stay was founded on the opportunities the site offered, but the family tradition of several generations also carried heavy weight.

Conclusions

The case of Juhani Tahvonen, and his Viherlandia garden centre, illustrates how the value creation of an active and creative entrepreneur has many dimensions. He or she may be a successful entrepreneur and manager of the resources, S/he may create value for the society in many ways, both tangible and intangible. Entrepreneurship as a way of life may be part of the rewards of the career, but in addition to the experience of seeing other people grow and develop. The value creation of Juhani Tahvonen can be summarized using the model presented in Figure 2 as following Figure 3.

Figure 3

Value creation of the case entrepreneur

Valued by the entrepreneur	
Transfer of successful firm to next generation Way of life and livelihood	Personal growth of people Own personal growth
Entrepreneurial Activities	Private activities
Excellent firm in the business sector of the town. Work for the environment and town planning	Work on local and national level for the advancement of entrepreneurship education
Valued by the society	

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