

THE INFLUENCE OF ENTREPRENEURS' MENTAL MODELS ON ORGANIZATIONAL PERFORMANCE

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A market's competitive structure is considered as a vital element to understand the development of companies and their business strategies. However, organizations are also exposed to external influences. Among these influences, the interference of the entrepreneurs' mental models stands out as propulsion of organizations' performance. Mental models may help in the construction of competences to facilitate strategic dynamism and innovation. Being so, why are some companies successful and others not? In this context, it is realistic to pretend that besides the external factors of the organizations, internal factors, such as the entrepreneurs' mental models, interconnected to competences, strategies and available resources may influence the organization's performance. An in-depth comparative study of two Brazilian organizations demonstrates that the entrepreneurs' mental models, interconnected with their competences and strategic decisions, in creating wealth and taking advantage of market opportunities, were essential to understand the differences on the levels of performance of both companies.

Palavras-chaves: Mental models, entrepreneurship, organizational performance.

1. Introduction

Market's competitive structure is always being analyzed as a key element to understand companies' performance and corporative strategies (PORTER, 1980). However, organizations are also exposed to institutional influences from their environment. Among these influences, this paper points out the interference of entrepreneurs' mental models as a trigger to organizations' performance. The main question is: Why some organizations are successful while others are not? There are a lot of possible answers to this question. It is believed that part of the organizations' performance may be due to entrepreneurs' mental models, in function of their competences and implemented strategies.

According to Morgan (1998), one of the relevant ingredients to understand the strategies adopted by companies is in the understanding of managers' thoughts, their contents and mechanisms. Thus, understanding managers' mental models are coming from a hidden world, almost not explored and difficult to access. It is not frequently possible to access, in a trustful and precise way, what there really is in these people's minds.

This study aims, through a revision of the literature, at the analysis of Brazilian entrepreneurs' cases. The research method is qualitative, including in-depth interviews with two entrepreneurs, who present similar characteristics since they founded their companies in the same action segment, with similar initial capital and during the same year. These two entrepreneurs founded their companies in the same activity segment, with similar initial capital and in the same year, but presented throughout 13 years of operation different business paths.

The results of this research presuppose that the differences in mental models and the interaction with competences and adopted strategies were fundamental to the significant difference in performance between the organizations. They show a strong difference in the mental models where such difference may be explained by their different performances one another throughout time.

In a second step, the paper offers a literature overview on the entrepreneur, mental models and its dimensions, manager's competences and its integration with the proposed models. In the third and fourth sections, respectively, it presents the research method and the results of the research with its conclusions.

2. Literature overview

2.1 The entrepreneur and mental models

The study of entrepreneurship can be included in two schools of research: the economists and the behaviorists. To the economists, whose major researcher is Joseph Schumpeter, the entrepreneur may be defined as "the engine of the capitalist economy". The entrepreneur is responsible for "creative destruction", a process that brings innovation in a dynamic evolution of the economy through the capacity of accomplishing new combinations. These new combinations may come from the creation of new products and/or services, new production models, new markets, new source of raw material or a new way to organize an industry (or sector) (SCHUMPETER, 1934).

To the behaviourists, there is a search for characteristics and behaviours that are specific to entrepreneurs. Thus, this school of thinking determines what the entrepreneur is and classifies it based on some patterns of psychological profiles (KURATKO; HODGETTS, 1995). It is

worth mentioning that, for this research, it is important to consider the entrepreneur as an agent who guides the organization and leads the organization through different possibilities, according to his mental models.

By the way, mental models may be described as a broadened view of the world, acquired through past experiences. They are views and suppositions people use to take decisions that guide their behaviour. Chapman and Ferfolja (2001) express two key aspects of mental models. The first one identifies that mental models are not merely repository of past learning, but are a basis to interpret what is really happening; meaning that mental models strongly influence people's actions. The second one presents the formation of mental models as a socially mediated process. Thus, the group, the organizational context and the information paths are agents that influence the formation of an individual's mental models.

Mental models can influence any decision regarding what is done, partly because they affect the mental process that allows the decision process to be realized. It means it is possible to describe the same object in diverse manners, once each person sees it under a different perspective (SENGE, 1994). Then, to construct mental models, it requires various operations such as the proper observation of the phenomenon to be modeled, the experimentation, and the knowledge of others about the phenomenon and any type of information research on the subject as modeling triggers.

Mental models are dynamic, being permanently in a construction stage. In this process, mental models fit to interpretations and to environment responses (CHAPMAN; FERFOLJA, 2001). To construct mental models, the entrepreneur uses processes of representation and of communication with the environment which sends messages of every sort. The individual, according to its possibilities and to its cognitive capability, deals with these messages to construct his own world's representation.

Le Boterf (1994) states that mental models refer to the interpretation of the person about the world, and that the capacity or the amplification of mental models increases with the experience and practice, because they have conjuncture and dynamic characteristics. Mental models are images deeply inserted in people's minds about how the world works and they guide actions and limit the way to think and act. Consequently, mental models reflect on what is known and how it is known. They influence on how the subject observes and processes information from any context and, consequently, how he acts in each context (SENGE, 1994; ZALTMAN, 1997; MORGAN, 1998). According to this, mental models of entrepreneurs, as paths of subjectivity or lifestyles, reflect on how these people feel, notice, imagine, understand, act, work, submit themselves, resist; which characterizes them as historical, political, social and cultural combinations from what they are part of.

Finally, mental models of entrepreneurs can be defined as a set of representations, impressions, convictions and meaning networks of a concept or object kept in memory holistically. Also, two propositions may be mentioned about the process of formation of managers' mental models: they are mental constructions from diverse cognitive elements, formed from a network of meanings associated and organized around some central elements holistically stocked in memory; and they are social constructions that come from several external stimuli and formed from a socially accepted and shared network of meanings (DE TONI, 2005). It can be concluded that the processes linked to organizational knowledge are influenced by the culture and the environment of a company (DORION et al., 2008).

2.2 Competences of the entrepreneur

According to Filion (1991), the entrepreneur is the one who starts and manages his own business and who is directly responsible for the strategic actions of an organization. Such an activity demands a high level of management competence, especially manifested by knowledge, abilities and attitudes of several natures. It is important to mention that managers' competences are as important as strategies adopted by a company (LE BOTERF, 1994, FLEURY; FLEURY, 2006).

From Gasse and D'Amours (1993), a determinant factor of a performing company refers to the competences related to knowledge, know-how, and *know-how-to-be* of the entrepreneur. He is not only the one who knows what to do; he is also someone who knows how to be. It is worth to point out that mental models, while not real, are only models. Thru the use of these models, it transposes thinking into action (attitude) and contributes to a better performance in the organizations, thru the demonstration of the entrepreneur's competence, or the lack of it.

In this sense, Fleury and Fleury (2006) comment that competence refers to the capacity of assuming initiatives, going beyond prescribed activities, being capable of understanding and dominating new working situations, being responsible in the organization and recognized for that, when related to a practical intelligence of acquired knowledge. According to the same authors, entrepreneur's competences may be categorized in three main categories, systemically disposed to involve the individual and the company as a whole. The three categories are: *business competence*: involves business understanding, the identification of opportunities and threats, the needs or demands of the market and assuming responsibilities; *technical competence*: involves technical knowledge related to a working context (knowledge about the product, factory process, etc.); and *social competences*: necessary to interact with people, such as communicability, negotiation, team work, etc.

Another relevant aspect of the entrepreneur, besides his knowledge and know-how, is his *know-how-to-be* which refers to his attitudes toward the business. The *Know-how-to-be* leads about personality and its presence over the decision and action process (LE BOTERF, 1994). Fishbein (1967) mention that attitude, from the point of view of managers, may be understood as a predisposition learned to answer favorably, or not, in a certain situation. Therefore, competence results into a *know-how-to-act*, from a desire to act and from being able to act. Being able to act is possible in a facilitating context, having or not the authority to act.

Thus, the recognized competence, or a positive consideration of it, generates a feeling of internal security proper for changes. Mental models trigger actions or block them, stimulate efforts or try to avoid it. From the representation or mental model of his own competence built in his experience and formation, the entrepreneur looks for his own motivation and finds the energy necessary to be involved in projects or entrepreneurial activities (LE BOTERF, 1994).

2.3 Converging views on mental models, competences, strategy and organizational performance

The answer to the question, "why are some organizations successful and others not?" is associated to different variables. However, there is a debate in the literature that indicates two basic positions: the influence of external factors to the organization, that are from "outside-in", and the influence of internal factors, that are from "inside-out". The "outside-in" approach has in Porter (1980) one of its main defendants. It prioritizes market analysis, considering profitability as a result of the action of the five competitive forces (power of negotiation of the buyers, threat of substitute products, power of negotiation of suppliers, threat of new entries,

and competitiveness among existing companies) on the company.

This way, company's strategies must result from the identification of opportunities and threats from the external environment. The "inside-out" approach is defended by Hamel and Prahalad (1994). They state that companies' performance is much more influenced by the intelligent combination of competences and resources than by the environmental conditions. The core competences are intangible resources that are difficult to imitate and capable of offering value to customers.

From these two perspectives, studies of McGahan and Porter (In: BESANKO et al., 2003) suggest that environmental effects are responsible for about 18% of variation in profits among companies, while the competitive position is responsible for about 32% of variation in profits. In Brazil, studies carried out by Mello and Marcon (2004) indicate that 10% of the companies' performance may be explained due to the effects of the industry (acting segment), while the effects of the company correspond to 45% of its performance.

Therefore, the combination of mental models, competences and corporate strategies with the organization and the allocation of its resources and the benefit of environmental opportunities, are strong triggers for a company's development; that in turn, will feedback the entrepreneur's mental models.

According to Figure 1, it is possible to observe that, among the entrepreneur's competences, the capacity of triggering and combining resources in different environmental contexts is fundamental to the strategic direction and, consequently, to the performance of the organization. To the contrary, knowing how to trigger these resources is strongly influenced by mental models that the entrepreneur has. In other words, the entrepreneur triggers resources according to his mental models, his problems to solve, the situation he must interfere in and the organizational performance itself, expected or obtained in the past. In fact, these mental models guide the actions of the entrepreneur (LE BOTERF, 1994; FLEURY; FLEURY, 2006).

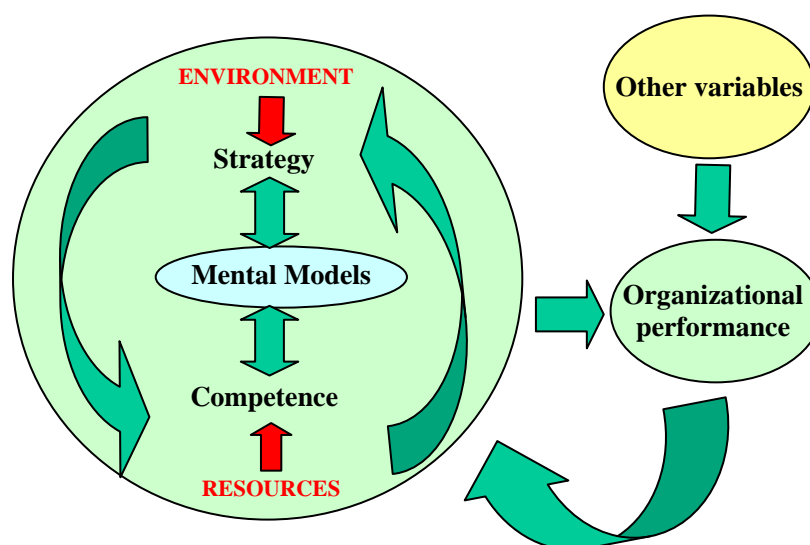


Figure 1 – Mental models, competence, strategy, and organizational performance
Source: Adapted from Le Boterf (1994), and from Fleury and Fleury (2006).

Entrepreneur's mental models are important influents on the process of organizational performance; however, this is not enough. These mental models need to be informed to the members of the organization. Bronn and Bronn (2003) point out that a set of management competences are necessary to make possible the communication with these mental models. Facing so many uncertainties and difficulties of the market, the entrepreneur must develop a vision or a mental model on how the environment operates (*sense making*) and then being able to communicate them to others and get their support (*sense giving*). These models establish the understanding on how things fit and connect to each other, what it means to the organization, its values and shared interests. To be efficient, mental models must be articulated and accepted inside the organization. So, knowing how to communicate mental models is a *sine qua non* condition to get the involvement of the team (HILL; LEVENHAGEN, 1995).

3. Research method

As a way to understand why some organizations are successful while others are not, considering the intrinsic propositions in Figure 1, it was intended to identify how internal factors to the organization contribute to its performance. A qualitative exploratory research was carried out (COOPER; SCHINDLER, 2000). In depth interviews were realized with entrepreneurs of the metal-mechanic industry in the region of Serra Gaúcha, of Rio Grande do Sul (Brazil).

The selection of two companies is explained because of their great similarity in profile and their life period. Both entrepreneurs started during the same period with basically the same initial capital. They have started their activities in the metal-mechanic segment, manufacturing steel doors and steel windows, even though one of them has changed its activities to design services. Both entrepreneurs have the same age and formation, and live in the same geographical region. Table 1 presents some data on the profile of the interviewed entrepreneurs and their respective companies.

Companies	Interviewer's Education Degree	Segments	Foundation	Staffs	Income 2006 (R\$)	Company Value (R\$)	Profit 2006 (R\$)
A	Incomplete elementary	Iron window frames and Industrial gas heaters	1993	20	8.4 million	8 million	2.1 million
B	Incomplete elementary	Metal frame and design services	1993	5	480 thousand	50 thousand	72 thousand

Table 1 – Profile on the entrepreneurs and on the companies

Company A was founded in 1993. Its initial product was related to iron window frames. Its founder had gone bankrupt three times and, after a certain period in assembling metal gas heaters and the will of having again his own business, he decided to open a new business and to manufacture metal window frames. He made a partnership with his brother but, a year later; their partnership broke up, mainly because he wanted to start a business of metal stove while his brother wanted to focus on the window frames' segment. After the separation, the entrepreneur concentrated all his resources in the metal gas heaters production and abandoned the segment of window frames. In 1999, his son entered in the business and assumed responsibilities in the production and supplies management. In 2003, the company made partnerships with major clients to carry out bigger jobs and using a more complex technology,

leading to the company's growth. Nowadays, the company has 20 employees and it is worth about 8 million Brazilian \$ Reais.

Company B was also founded in 1993 to manufacture metal frames for doors and windows. The first business this entrepreneur had was a truck washing site. After its closing, he started working as an employee in the metal frame sector for 20 years and also for various companies. In 1998, willing to expand his business of metal frames, this entrepreneur made a partnership with an engineer. In 2003, after 5 years of business, the entrepreneur was not satisfied with the results in metal frames' line and decided to break up with the partnership. He then change focus again and gave up with the manufacturing of metal frames and started designing projects and organizing the production of frames. Today, the company has 5 employees and the business is worth about 50 thousand Brazilian \$ Reais.

There are several ways to identify entrepreneur's mental models (DE TONI, 2005). For this paper, it was opted to do in-depth individual interviews, using content analysis; first because of the exploratory nature of the work, and second, because the identification of mental models is expressed through language. It is opportune to mention that language expresses a set of feelings and sensations that show several social networks to what the individual belongs to, and that many times constitute unconscious manifestations (BERGER; LUCKMANN, 1967). Besides, Vygotsky (1998, p. 190) states that: "the word is the final aspect of the development, the coronation of the action. Thought and language are the key to the comprehension of the nature of human conscience. A word is a microcosm of human consciousness".

Data collection was implemented by individual in-depth interviews based on a semi-structured questionnaire (RIBEIRO; MILAN, 2004; SCHUMPETER, 1934) and constructed from literature (LE BOTERF, 1994; FLEURY; FLEURY, 2006) (see Annex A).

The objectives of the interviews were to identify the mental models and their different constituent elements, the competences of the entrepreneurs to maintain and improve their business, the measure of environmental aspects that affect the company's results, the factors that the entrepreneur attributes to his organizational performance, the identification of the main resources of the entrepreneur, the strategies adopted or intended to be adopted by the entrepreneur to keep his business in a good future perspective, and finally, the interviewees to have a position on why some companies are successful but others are not.

It was adopted the technique of content analysis, which consists in a set of techniques of analysis of the communication verbalized by the interviewee in order to get some indicatives that allow the inference of conclusions from the message or collected content (SCHUMPETER, 1934). The interviewees' answers were recorded magnetically and then transcript to make more effective their analysis and interpretation.

4. Results and analysis

The results from this research show how mental models, as well as competences and strategic decisions to organize resources and profit market opportunities, were important to the performance of the studied companies.

4.1 Results from entrepreneur A

From Annex A, it is possible to notice that the mental models of entrepreneur "A" are marked by cognitive, symbolic, emotional, and functional elements. The cognitive elements are expressed by the need of keeping a low-cost structure by increasing productiveness and a

strong concern about customers' satisfaction.

Symbolic elements are related to personal satisfaction that the company gives and to the commitment the manager has to keep on going with his parents' business. For this entrepreneur, a bird is a symbol of his profile, in fighting to improve and keep on going independently on the market. Emotional elements are strongly related to proudness, satisfaction, the feeling of freedom for having his business and the conviction that it is necessary to fight to win. Functional elements show some concerns about improvement about being market leader and having financial return.

As for the competences, it is noticed they are linked to the dominium of knowledge related to the product and to the metal stove market. It is also connected to the ability of negotiating with customers and to an attitude oriented to the new, to the will of growing and offering trustful products and services; and every difficulty is faced as a challenge and an opportunity to improve. It is also possible to observe that some strategies were fundamental to the company's performance, such as: choosing the segment of agricultural stoves, adapting these products to the customers' needs, launching new stove models, and investing in technology to reduce cost and to aggregate value to the offer (automation of stoves, for instance).

Among the resources, the entrepreneur "A" points out two with more emphasis. The first is the organization of a productive system through optimizing and gaining in productiveness with a small structure. The second is maintaining major customers, because it gives a positive image to the market and makes possible to get other potential customers, besides its financial sustainability.

The environment is marked by the presence of only one competitor in Rio Grande do Sul. As for the billing, 70% of the business volume is focused in only 10% of its customers. This concentration makes the company to aim at expanding business to the market of small stoves. All these factors have significantly contributed for a good profitability of the company, once it was one of the top 10 more profitable companies in Garibaldi, Rio Grande do Sul, between 2005 and 2006 (GARIBALDI EM DADOS, 2006).

4.2 Results from entrepreneur B

In company "B", cognitive elements that compound mental models of the entrepreneur are marked by the main product they manufacture, metal frames. Symbolic elements are closely related to having worked as a fundamental aspect of support for his family and to demonstrate honesty as a principle of life. For entrepreneur "B", the lion is the symbol of his profile, because it is ferocious and persistent. Emotional elements are marked by the joy of having work to do; even without a good education, he could always get a lot of work during the 13 years of existence of his company. Functional elements show concerns about income, about financial gains, about having work to do and an income to survive.

As for the competences, according to the perceptions of entrepreneur "B", knowledge on how to build metal frames, do design projects and how to direct the productive process are fundamental for good business performance. The abilities are strongly related to the capacity of negotiation with customers. Looking for a good relationship with employees, having humility and persistence to make business are characteristics that mark his attitudes toward business. As for the strategies, the interviewee did not demonstrate clearly his views of the future. From his point of view, to keep the same is enough. His concerns are short term and operational based. He expects to keep his company on working to have a personal financial support. As he says: "Future is uncertain, that is why I worry about now, about having work

to do”.

Among the resources, he points out the success of his business, knowledge and capacity to do what the customer wants and to have a good production manager to implement new projects. His environment is marked by a great number of competitors that fight for a market with lower price strategies; there is also an oligopoly situation for the supply of iron, his main production material, and a number of new incomers with low costs. According to the interviewee, however, a good relationship with customers keeps his company on working, despite of an intense competition and many other difficulties inherent to the market itself.

5. Analysis of results

From the analysis of both interviews, it is possible to point out some differences in mental models of the respective entrepreneurs. Such differences have significant variations and they directly or indirectly influence their vision of the future of their business, as well as their processes of decision-making (strategic choices, trade-offs) and their behavior (actions, attitudes). To have a better understanding of the identification of the differences that exist in both entrepreneurs’ mental models, Table 2 presents the analysis themes and their differences.

Analysis Themes	Entrepreneur A	Entrepreneur B
Improvement	Something inherent to survive. It is either improving the business or being out of business.	Has fear to improve, because “the bigger the company is, the bigger the fall will be; if I improve there is a risk I do not survive”.
Being an entrepreneur	An entrepreneur is a fighter, someone who constantly fights, constantly makes something different.	An entrepreneur gets work [orders] and keeps the company working.
Entrepreneur’s competences	Have control over the product, know the market of stoves. Ability to negotiate with customers and an opened attitude to what is new and improvement.	Knowledge and abilities in the technique of making frames, from the project to the delivery of this product at the customer’s house. Humble attitude and a good relationship with employees and customers, and a lot of persistence in negotiations.
Performance of the organization	Assigned to willingness to do, to customers’ satisfaction and to adapting the product to the market.	Performance is assigned to having or not having work to do. Besides, success of some other companies happens because of their illicit [business] management behavior.
Vision of the future	Being a market leader, breaking up paradigms, constantly innovating by adapting products to the market’s demands [customers’].	Future is uncertain, so it is important to have work to do and keep doing that way.
Concerns	To serve the client well and to keep products at low cost by increasing productiveness.	Having some work for one or two months time.

Table 2 – Main characteristics of mental models from the interviews

6. Final considerations

Looking at a plausible answer to the question: why are some companies successful and others not? It is observed in the literature that there are many factors that contribute to the performance differences among companies. Even for companies that have started business in very similar situations, some have better results than others. One of the answers to this

question may reside in the difference of managers' mental models and their relationship with competences and implemented strategies.

The literature overview and analysis, as well as two practical case' studies, do not allow us to categorically affirm what are the factors that influence more in organizational performance. However, this paper enhances the discussion that entrepreneurs' mental models are essential competences in a company and they constitute intangible resources that intensively contribute to organizational performance.

Entrepreneurs' mental models may constitute in a filtered process which does or does not allow the entrepreneur to see the world in a different way, possibly freezing his own perceptions that guide their view only in a restricted manner; eliminating flexibility, adaptability and innovation. As entrepreneurs' mental models may be a strong mechanism to get a much better business performance, they may also be as the limits or the restrictions to this same performance, mainly when they are inflexible and resistant to changes. It is necessary to observe, as well, that mental models are not static and do not have an eternal life. Mental models that have contributed to some business success in the past cannot guarantee the same success for the future.

It is possible to foresee that the difference in performance between the two companies has also happened because of the strategic decisions of segment changing and because of the environmental differences faced throughout time. However, even if this decision is motivated by factors inherent to each reality and to each environmental situation of the companies, it was eminently supported by the mental models of each one.

Entrepreneur A focus his thoughts on perspective for the future, on improving his business through motivation, in a competitive difference, aiming at an increase in productiveness, costs reduction and value added for the client, facing problems as an opportunity to grow. Entrepreneur B is mostly worried about the present, because he understands that the future is uncertain, as well as improvements may be dangerous for the business; "having work to do" is his main concern, a fact that characterizes an immediate vision, being much more reactive than proactive.

The object of this paper was not to present mental models of the entrepreneurs as the most important organizational resource to achieve good performance, considering that corporative strategy, organizational and resources allocation, market and opportunities profitability and competences are strong triggers to business performance. Also, the objective of this paper was not to identify which of these factors mostly contribute to companies' performance. However, as it could be understood from the literature review and from the interviews, it is tangible to pretend that mental models have a significant importance in achieving organizational performance.

It is possible to assume that organizational performance is due to mental models closely linked to competences that trigger the search for different strategies for a better organization and the allocation of resources and profitability of market's opportunities. Such proposition was identified in both studied companies; however, these results are limited to the sample itself. Consequently, new studies, with new theoretical and methodological perspectives, aiming to identify the impact of mental models in the organizational performance, may significantly contribute to help in getting a better understanding about the motives and reasons of some companies to be successful and to have more prosperity than others.

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Annex A

Nº	Theme	Questions	Entrepreneur A	Entrepreneur B
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Nº	Theme	Questions	Entrepreneur A	Entrepreneur B
1	Mental Models	When I say ... (name of the company), what comes to your mind?	Battle and challenge to start a new product in the market, the case of the stoves. With many difficulties we had a good market view.	I remember when it started up. When I left home I was unemployed. A friend said: let's start a frame industry, and then we did it.
2	Cognitive Element	How do you describe the... (name of the company)? (kind of company).	A company with a low sure cost and a high productive capacity, that values customers in sales and post-sales.	A company that manufactures metallic structures and frames.
3	Symbolic Element	What does ... (name of the company) mean to you?	A personal realization in accomplishing the company's objectives and in keeping on going with what parents have started.	The most important thing in my life, because I live from that [support].
4	Emotional Element	Which feelings do... (name of the company) brings to you?	Proud and satisfaction.	A lot of joy, because I don't have much studies and I can work a lot [success].
5	Functional Element	Which benefits does... (name of the company) provide to you?	One of the benefits is to be useful; another is the financial return; but mainly related to the distinction of the company in the market.	Income [gains] and realization.
6	Symbolic Element	If your company was an animal, what animal would it be and why?	A bird, because it has to fight a lot to come out of the egg and then try to survive in the environment with its own fiber.	A lion, because it is ferocious and persistent.
7	Motivators	What motivations have you had to open and keep on going your company?	I've never meant to be an employee. I've always wanted to have my own business, to command and not to be commanded. An important fact that has motivated us a lot was a manager from Votorantin. When he looked at the company in 1999, he said: you have no conditions to make our stoves. [...] this led us to grow up. This made us open our eyes and I started to change the whole structure of the company.	I wanted to start this company because I know the business. Nowadays, what motivates me to keep on going is having a lot of work [...] what motivated me is that I've never had no work. [We are] very honest and we always had work to do. I do my best for the client.
8	Competence (knowing)	What knowledge is fundamental to manage your company?	To have basic knowledge of metallurgy, of management and of the market.	Knowledge about frames. I design the frames and guide production. I make the drawings [projects] and after an employee put that into practice.

Nº	Theme	Questions	Entrepreneur A	Entrepreneur B
9	Ability (know how to do)	What abilities (techniques) were necessary throughout these years?	One of the main abilities is negotiation with clients and leading them to trust our capacity [and competence].	Ability to negotiate with clients which must be very flexible. If someone asks for a budget I do not leave him until business is done. I show other services we've made with big companies. Either he agrees with me or sends me away. As a salesperson I always make business.
10	Attitude (know how to be/willing to do)	How do you act (attitude) concerning the management of your company? What is being a manager nowadays?	I try constantly to brake down paradigms. I face each order as a constant challenge. I always think of a perspective for a future market, trying to identify what is going to be necessary far ahead, adapting the product to new market needs.	Attitude of a good boss. I hardly scream at the staff. I feel I have to be humble, to give reason for the client so one can sell and to be a lot persistent. I'm used not to argue, neither with the client nor with the employee.
11	Competitive Environment	How do you analyze the external environment (clients, concurrences, suppliers, new entrants and substitute products)?	Our worry is to progress through a higher automation of stoves. As for the competition, I see it very well. There is only one competitor in Rio Grande do Sul (South of Brazil) and 10 in São Paulo (Southeast of Brazil). [As for] clients, we have 10 of them that represent 70% of our income. So we are trying to serve small clients as well. Considering the big clients, we have to profit from the opportunities; besides, they are our references to project new business.	The competitors are many, and they have very low prices. There are competitors who have prices at cost only. The competition is not a big worry because I have a good relationship with customers.
12	Performance	What factors have contributed to the performance of your company so it could get where it is?	One of the main factors was perseverance, the willing to accomplish objectives. Besides, adjusting our products and services to the market gave us a good credibility in face of the customer. We really worry about the customer satisfaction, so we offer a trustful product and post sales actions.	A lot of work, persistence. The work was more important than the market situation. We've had a market crisis, but I never got without work.
13	Resources	What resources were fundamental for your performance and how were they gained and organized?	Our greatest resource is in organizing labor, since manufacturing until assembly. As an example, in 1993, when the company started [its activities], we used to last 90 days to deliver an order of about 1,000 m ² ; nowadays, with the same number of people in staff, we make that in 20 days.	The most important resources are the capacity to develop work and knowledge about the sector. I also have a good manager in production. In my case, machines [technology] are not the most important.

Nº	Theme	Questions	Entrepreneur A	Entrepreneur B
14	Mental Models of Future	When you think about the future of your company, what comes to your mind? How do you imagine yourself in 5 or 10 years time, for instance?	I imagine I'm a leader in manufacturing stoves in Brazil. That is why I'm planning the company to be able to be a [market] leader. We have already reached leadership in Rio Grande do Sul (south of Brazil) [...] either one grows up or is out of business. For my parents it is perfect the way it is, but for me I have two options: improving or breaking down.	Maybe to have some machines to roll iron. I don't know how the future will be; the future is uncertain. I would like to keep the business. I'm trying to look for something [product] in series [meaning to support a minimum income, a balance point].
15	Strategy	What strategic decisions or actions are you adopting, or intend to, for the future of your business (think of a perspective of 5 years or more)?	To strongly keep on investing in the segment, by offering new technologies and stoves' automation. Besides, I think about starting a parallel business, as a complement to stoves [still under studies].	I'll keep the way it is, I do not intend to invest in the company, I do not want to get big. If I do badly in business, then the fall will be higher. I'd rather keep it the way it is. For me, living is fine. The important is to have work, and everything else comes [naturally].
16	Performance	Why some organizations are successful and others are not?	I believe the main question is the way how the company is managed. To value staff and reduce costs are fundamental [factors or action]. Another important factor is to adapt itself to the market to offer what customers ask for [or even demand]. The customer asks and I say yes, I do it. In our business it is important to face at every moment a challenge.	A company grows too much [and too fast] because there are illicit actions behind. Example: company X has grown a lot because it had a saleswoman who was married to the governor. When iron used to cost R\$ 1,00 they would sell it at R\$ 8,00. Honesty is everything. I guess I did not improve that much because I'm honest. Nowadays, to be a winner it is necessary to rob; the ones who improve too fast have things to hide. The ones who make everything correct do not go forward.