

Research Briefing

Mentoring and entrepreneurship:
A natural fit for learning

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Mowgli Foundation Research Briefing

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“Mentoring appears to be particularly suitable for entrepreneurs, fitting with their preferred learning styles, meeting specific needs and delivering targeted benefits to their businesses.”
(NESTA, 2009)

Introduction

A major factor leading to the failure of start-up businesses is the lack of experience and competency on the part of the business owners- entrepreneurs. Recent research has also shown that an overall increase in an entrepreneur’s skills and knowledge within the first years of a company’s life is a determining factor in the firms’ survival; for example, one study found that nearly half of small firm bankruptcies in Canada could be attributed to internal problems of the enterprise, due to managerial inexperience.¹ For anyone concerned with increasing the probability of survival amongst new businesses, encouraging learning and development in entrepreneurs is a worthy topic of discussion. Mentoring is a learning tool, which a growing body of research shows can increase some types of learning and development in entrepreneurs.

What do mentors do for entrepreneurs?

“A mentor or advisor is an essential asset to a growing company.[...] mentor’s many years of experience can save a business from major errors and costly mistakes with just a few words.” (Cull 2006)²

In mentoring research, it is generally accepted that mentors encourage young entrepreneurs to reflect on and learn from their own behaviour in critical situations, so that they can change their behaviours in the future, or at least draw lessons from it.³ Deakins and Freel (1998) suggest that entrepreneurial learning is not a pre-mapped out process, rather the result of reactive responses to critical events; the entrepreneur adjusts strategies, and learns to make decisions⁴. In other words, the novice entrepreneur learns ‘by doing’ through a process of trial and error. The process of ‘learning by doing’ is often enhanced by discussion with peers and networks; however,

¹ Gartner, W.B., Starr, J.A., and Bhat, S. (1999), ‘Predicting new venture survival: An analysis of “anatomy of a start-up; cases from Inc. Magazine.’ *Journal of Business Venturing*, Volume 14, Issue 2, March 1999, pp215-232

² Cull (2006), ‘Mentoring Young Entrepreneurs: What Leads to Success?’ *International Journal of Evidence Based Coaching and Mentoring*, Vol. 4, No.2, p8. Available online here: <http://www.business.brookes.ac.uk/research/areas/coachingandmentoring/documents/vol04issue2-paper-01.pdf?err404=research/areas/coachingandmentoring/volume/vol-4-2-cull.pdf>

³ Bisk, L. (2002) ‘Formal entrepreneurial mentoring: the efficacy of third party managed programs’, *Career Development International*, Vol. 7 Iss: 5, pp.262 – 270; and Sullivan, R. (2000) ‘Entrepreneurial learning and mentoring’, *International Journal of Entrepreneurial Behaviour & Research*, Vol. 6 Iss: 3, pp.160 – 175

⁴ Deakins and Freel, ‘Entrepreneurial learning and the growth process in SMEs’, *The Learning Organization*, Vol.5, No. 3, 1998, p145

entrepreneurs through the nature of their work often have few opportunities for this⁵. A mentor therefore is a valuable resource for an entrepreneur. Good mentors (in all settings) work not by directly coaching or training (which is generally prescriptive and does not encourage risk-taking), but rather by encouraging reflection and self-awareness in their mentee, and this is more conducive to entrepreneurial learning styles. Mentoring encourages the entrepreneur “to reflect on actions [...] it is about enabling behavioural and attitudinal change.”⁶

The types of learning encouraged by mentoring are *cognitive* (meaning, learning to assess organise one’s own knowledge into strategies) and *affective* (meaning learning of attitudes, values and motivations and understanding how they impact on one’s behaviour). This type of high level learning may be of more value to entrepreneurs than the *skill based learning*, a third mechanism not addressed as effectively through mentoring⁷. (Skill-based learning is the type that takes place when learning to perform a process-based skill, for example, learning to use a piece of software.) As the research indicates, ‘learning by doing’ does not map a path through a process; rather, entrepreneurs need cognitive and affective learning to address their own skill gaps.

Many business training courses comprise *skill-based learning*, and while this is valuable, it does not encourage entrepreneurs to reflect on the past and analyse their own skill gaps and failings. In other words, learning that encourages cognitive, behavioural or attitudinal change is not prioritised.

Entrepreneurs have to value their learning to benefit

It is important that the entrepreneur themselves values their choice of learning support. Time is precious for business owners, and they will prioritise and exploit whichever method can reap the most return on their time investment- one advantage of mentoring is that it is flexible and designed to fit entirely around the mentee’s needs⁸. Research also finds entrepreneurs prefer to learn and be mentored in a manner which is less directive and more empowering; especially as the business starts to grow.⁹ Bisk (2002) also found that mentors need not have experience in the industry of their mentee for the entrepreneur to benefit - findings supported by a 2009 study of 142 Canadian entrepreneurs in a paired mentoring scheme, which found entrepreneurs were most satisfied with mentors who ‘understood’ them and who structured sessions in a climate of mutual trust, as well as being efficient and time effective- this was more important for entrepreneurs than gender or industry of the mentor. Entrepreneurs also expect “concrete, observable” results in their firms- the “time and energy they invest in the mentoring relationship must produce dividends”.¹⁰ As the study notes, entrepreneurs are both naturally resistant to outside ‘direction’, and, both for practical and psychological reasons, require a greater flexibility in their learning and development than structured training courses or ‘educational’ programmes generally offer.¹¹ Mentoring is a more appropriate and

⁵ Audet and St John (2008) ‘The Role of Mentoring in the Learning Development of the Novice Entrepreneur: Can a Mentor Make a Difference?’ Paper presented at the 2008 *International Council for Small Business World Conference*. Available online here:

<http://www.smu.ca/events/icsb/proceedings/fran2f.html>

⁶ Sullivan 2000, p163

⁷ See Audet and St Jean (2008)

⁸ Garvey, R (2004) ‘The mentoring/counseling/coaching debate: Call a rose by any other name and perhaps it’s a bramble?’, *Development and Learning in Organizations*, Vol. 18 Iss: 2, pp.6 – 8

⁹ Cull (2006)

¹⁰ Audet and St John (2009) Factors Leading to Satisfaction in a Mentoring Scheme for Novice Entrepreneurs’, *International Journal of Evidence Based Coaching and Mentoring*, Vol. 7, No.1, p148

¹¹ Ibid

appealing learning method for entrepreneurs than these methods, since it allows them to ‘teach themselves’ and direct their own development at their own pace.

Evidence of Success: Mentoring entrepreneurs

The evidence base demonstrating the value, and exploring the effect of mentoring for entrepreneurs is small- but growing rapidly. For Mowgli’s own growing evidence base, please see the ‘Impact Report’ of results for entrepreneurs on our programmes, available from www.mowgli.org.uk .

- A 2003 study of 19 mentoring programmes for female entrepreneurs in the USA found that owners of businesses at the growth stage benefit much more from participating in mentor/protégé programmes, than from peer networking or entrepreneurial skills training.¹²
- A 2008 research study found that cognitive and affective learning were effectively addressed for entrepreneurs through mentoring. Moreover, there were relatively few other learning methods through which these types of learning could be achieved: “Mentoring therefore constitutes an adaptable and versatile form of support that can be of tremendous benefit to the novice entrepreneur.”¹³
- A 2011 study of 650 start-up firms in Silicon Valley found that mentors had a significant impact on firms’ ability to raise money- much more so than helpful investors. Start-up entrepreneurs without mentors, in contrast, “almost always failed to raise funding”. The study concludes that “the right mentors significantly influence a company’s performance and ability to raise money.”¹⁴

Conclusion

This research briefing has given an overview of some research pertaining to entrepreneurial learning and the benefits and impact of mentoring on entrepreneurs. It provides evidence to suggest that mentoring is a valuable form of learning which can impact on and support the ability of entrepreneurs to succeed in running small businesses.

This briefing is not an exhaustive study, or based on direct empirical research, and care should be taken when citing this paper. The Mowgli Foundation has gathered this data to inform and support our work and provide resources to our networks and audiences, who may be interested in the topics of mentoring and entrepreneurship. We welcome questions or comments: please contact Cordelia Lonsdale, researcher, on Cordelia@mowgli.org.uk

For full bibliography please see overleaf.

¹² Barrera Associates (2003) ‘Mentoring in the business Environment’, Paper prepared for the National Business Women’s Council, May 2003. Available online <http://www.nwbc.gov/idc/groups/public/documents/nwbc/mentoringfinalreport.pdf>

¹³ Audet and St John (2008)

¹⁴ Marmer, Herrmann and Berman (2011), ‘Startup Genome Report 01: A New framework for why startups succeed’, Available online via <http://startupgenome.cc/>

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The Mowgli Foundation is a not-for-profit organisation.

Our mission is to provide mentors who inspire, support and empower entrepreneurs in achieving their business and personal potential, encouraging sustainable job creation and social and economic development.

To find out more about how you can support us in our mission- as a volunteer mentor, an entrepreneur, or to partner with us- please visit [our website](#). We also welcome donations to the Mowgli fund in support of our mission.