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Convergence and Divergence between Knowledge and Know-how in High Growth Enterprises[1]

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Abstract

This article examines the convergence and divergence between what practitioners reveal about their everyday experience running a leading growth firm, and what researchers discuss on the same topics. The article looks specifically at the areas of using alternate sources of financing; leveraging financial partnerships; pursuing markets beyond NAFTA; developing strategic alliances, mergers and acquisitions; attracting and rewarding top talent throughout the organization; building a winning management team; using technology to optimize business; and sustaining innovation and new product development. Discussions at the 2002 Wisdom Exchange (sponsored by Ontario's Ministry of Enterprise, Opportunity and Innovation) provide the practitioner viewpoint, while an examination of current academic literature provides the researcher perspective. Findings show significant overlap in many areas, and some divergence in others. Research and management implications are outlined.

Introduction

Small and medium-sized enterprises that sustain high growth and innovate continually are faced with unique opportunities. They are often highly adaptable, flexible, and able to change directions more quickly than their more mature counterparts; founders and managers with confident leadership styles are responsive to market changes; and these enterprises are also often quick to learn (Tam, Lee and Chung 2001). On the other hand, managers in high growth firms would surely agree that unique challenges go hand in hand with the benefits of their position. Where can managers turn to address pressing strategic and organizational issues? How can they discover and use the experiences of others to benefit their own enterprises? How can practitioner 'know-how' build on research 'knowledge' contained in the academic literature, and how can researchers learn by following practitioners' lead?

One opportunity to address these issues came in the form of the Wisdom Exchange, held in Markham, Ontario, Canada on May 29-30, 2002. Queen's Centre for Enterprise Development (QCED Inc.) contributed to Ontario's Ministry of Enterprise, Opportunity and Innovation to help organize this event, where over 200 participants, about 175 of them CEOs of innovative growing enterprises in Ontario, gathered to discuss successes and strategies at roundtables led by QCED business advisors called Knowledge Angels. These Knowledge Angels facilitated discussions as participants explored common opportunities and challenges, and shared their practical experiences. The discussions covered a broad range of topics, which were chosen by Wisdom Exchange management and QCED based on expected levels of interest. They included using alternate sources of financing; leveraging financial partnerships; pursuing markets beyond NAFTA; developing strategic alliances, mergers, and acquisitions; attracting

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and rewarding top talent throughout the organization; building a winning management team; using technology to optimize business; and sustaining innovation and new product development.

These discussions offer invaluable insights into the experiences of leading growth firms. Taken alone, however, they do not tell the whole story. Managers and CEOs who depend on the lessons learned through informal and formal discussions with their colleagues are doubtless using one of the most valuable resources at their disposal, but this can also be complemented by the rich reserves of knowledge and experience produced and published every year by academics. The purpose of this paper is to examine specific elements of these two resources, and analyze the convergence and divergence between what the CEOs at the Wisdom Exchange voiced, and what the current academic literature documents about managerial challenges and successes. Gaps and overlaps between the two will point to causes for both concern and enthusiasm, which can then be turned into opportunities to generate a prioritized research agenda. The paper will follow the topics addressed in the Wisdom Exchange 2002, weaving academic research findings into the CEO commentary. Final sections will summarize the paper's contributions and suggest directions for future research.

Wisdom Exchange 2002

The Wisdom Exchange began as an initiative of the Ontario Government in 1995, to satisfy a need of CEOs of high growth, innovative firms to interact and share information with peers, a rare opportunity in their fast-paced business experiences. In order to participate, enterprises must qualify as a "Leading Growth Firm", which requires them to have 20 to 500 employees, be headquartered in Ontario, and experience a minimum growth rate of 50 per cent growth over three years.[2] Every year, the government chooses a theme and presents potential discussion topics to the Research Reference Group, which then sorts through the various ideas. Feedback generated from past Wisdom Exchange conferences guides theme and topic choices, which this year centred on the issue of growth. Roundtable discussion topics are only finalized after they are sent out to participating CEOs, whose choices signal to the organizers which topics will be most pertinent and relevant. QCED's involvement spans the entire Roundtable development and management process, from planning and organizing, to presenting final discussion summaries to Ontario's Ministry of Enterprise, Opportunity and Innovation.

QCED Knowledge Angels are trained in facilitating the discussions, which were held in the 2002 program for 105 to 120 minutes, and are structured to ensure that the most relevant issues receive the most attention. Facilitators set the context, allowing the participants to write down statements that capture key challenges in their organizations within the theme areas. CEOs share this information with their groups and the facilitators synthesize the critical issues, which then become the focus of brainstorming sessions to identify possible solutions. Brief summaries capture the key points of the discussion, and participants are invited to make closing remarks.

Research findings and practitioner concerns related to each discussion area are outlined below in order to identify where academics have their fingers on the 'practitioner pulse' and where practitioners are finding that, unfortunately, academics currently do not have much to contribute.

Mergers, Acquisitions, and Alliances

Merger, acquisition, and alliance activity has skyrocketed in recent years, but spectacular failures and unrealized synergies abound. In discussions focused on strategic alliances, mergers, and acquisitions, CEOs tackled how firms can successfully grow, reduce costs, and capture new markets through these initiatives. Research literature also addresses these issues, and the strategies and findings offered by both groups evidenced encouraging signs of convergence.

[2] For more information, see the Wisdom Exchange website located at http://www.wisdomexchange.ca.

Developing relationship principles was of chief concern for CEOs at the roundtable. Integration pains are worsened if companies do not have a clear sense of both parties' cultures and intentions, and success hinges on people issues rather than on financial or other business issues. CEOs compared the process of getting to know potential merger partners to 'dating' or 'courting', noting that an intensive period of getting acquainted will draw out issues of size, ethics, politics, culture, and management styles. Future challenges will become clear, and companies can decide which opportunities are worth pursuing. Sarkar, Echambadi and Harrison (2001) concur that well-informed decisions and processes are key. They label company initiative 'alliance proactiveness', which they define as the extent to which a firm engages in identifying and responding to partnering opportunities. A carefully planned merger can benefit the company by leading to improved market-based performance.

All CEOs agreed on the importance of strategic choices that match the existing firm's business vision. High expectations should not be compromised even while adopting a flexible stance, and focus and objectivity are paramount to success. Although thorough knowledge of potential partner firms is essential, third party assistance or mediation was highly recommended, as part of the rigorous and thorough communication that must take place between merging partners regarding future leadership and direction. Whether through third party mediation or some other means, researchers stringently affirm the importance of maintaining an unclouded view of a company's own goals and strategies. For a relatively young firm, aligning with a more experienced or mature firm has valuable potential payoffs in the form of access to markets, trade, or technology (Audretsch 2001). However, to avoid being overwhelmed by another company's strengths, firms looking for alliances must have clear strategies in mind, not compromise initial expectations, and monitor the process at all times (Alvarez and Barney 2001). Others echo this note of caution, observing that emphasis is often placed on the benefits of exchange and alliance relationships, rather than on the potential costs of dependence on a few exchange partners (Yli-Renko, Sapienza and Hay 2001).

Pursuing Markets Beyond NAFTA

In the post-NAFTA global trade environment, opportunities abound for Canadian businesses. But what strategies and practices should Canadian firms follow to select the right partnerships and avoid potential pitfalls? Companies often look for practical instructions that will help them enter and maintain a new market, whether through expanding existing marketing sectors, domestic geographic expansion, or internationalization.

Regardless of the ultimate goal, both researchers and the Wisdom Exchange CEOs stressed the importance of experience. Monetary resources, while important, are not the only driving force, nor are they the constraining factor they once were. Researchers note that high growth innovative firms are expanding and internationalizing more rapidly than they did in previous decades (Crick and Jones 2000). Some companies see expansion on the business horizon from the day of their inception, and nothing can replace this visionary outlook (Crick and Jones 2000), but specific strategies and actions can go far to enhancing chances of success.

The CEO discussion focused on experiences in international expansion, a topic that also offers a rich research experience. According to the Wisdom Exchange discussions, structured trade relationships are important to maintain quality control, establish targets, and keep up detailed reporting. They also stressed cautious growth as a wise approach when entering new markets, coupled with a single market focus. Both sources agreed that nothing replaces the depth of knowledge gleaned from spending time in the target region, since only this experience will open the doors to cultural exchange as well as to monetary trade (Westhead, Wright and Ucbasaran 2001). One researcher even proposed that the deciding advantage comes from "combining knowledge of two different countries, and keeping this knowledge up-to-date" (Casson 1997). Enterprises, however, do not have to depend only on themselves to come up with the experience and strategies that will help them break into an international market. Recruiting and hiring people who have worked in a particular region helps sidestep the lengthy process of learning new cultural and financial practices, but it can also be more financially feasible to consult with outside advisors periodically if the problem is a simple one that does not require ongoing attention (Crick and Jones 2000). Taking advantage of existing relationships, whether trade or personal, can help curb the steep learning curve since established networks "diffuse competence" by encouraging honesty and establishing best-practices techniques (Casson 1997).

Current studies on pursuing international markets are based not only on the results of recent studies and surveys, but also on a wealth of existing literature accumulated over years of research and study. In spite of the vast store of highly useful information contained in these sources, it is troubling to note that the CEOs at the Wisdom Exchange did not acknowledge its value and effectiveness. The Internet, Export Development Canada, trade commissions, industry associations, Canadian embassies, and trade shows were all cited as potential sources of detailed and relevant information. Academic journals were not included in this helpful list.

Financing: Leveraging Your Financial Partnerships and Using Alternate Sources of Financing

Banks are both important suppliers and partners for enterprises. Clear expectations and strong relationship management can make a company's bank a valuable ally in growth and financing. But how can companies build a rewarding and cooperative partnership with their banks? Furthermore, as firms grow, so do the complexities of their financing needs; banks may no longer be able to satisfy all these needs. Finding the right source of financing can be a challenge for business leaders, and securing that funding can be downright daunting. Drawing out the knowledge of experienced business leaders and putting into practice ideas that emerge from research literature can lessen the difficulty of this task.

Experienced CEOs shared their thoughts on what businesses can expect from relationships with financial institutions such as banks, paying particular attention to the importance of cultivating personal relationships. In spite of the increasing potential to depend on online and telephone transactions, CEOs encouraged their colleagues not to neglect the effectiveness and necessity of face-to-face communication. Researchers also recognize the importance of personal communication, and Steier (2001) links the ability to exploit financial partnerships to the fullest by depending on strengths in human and social capital, which can open doors to economic resources such as subsidized loans, investment tips, and protected markets. These suggestions complement ideas emerging from the Wisdom Exchange discussions, in which CEOs emphasized the importance of communicating a clear picture of current business needs and future directions so that account managers can provide access to appropriate resources and services. In the event that existing relationships fail to meet potential business needs, discussion participants urged those seeking financial resources to consult advisors, lawyers, accountants, and others who might be able to suggest alternative financing options.

Clear communication and strong working relationships can go far in supporting development, innovation, and growth, but businesses also must recognize the point when an existing financial arrangement or partnership has been exhausted. Times like these call for creativity and, quite often, patience. CEOs, however, do not have to feel that they are alone in their search for financial resources. In a moment of wry frankness, one CEO glibly noted companies should seek the support of the "… three Fs: Friends, family and fools." Although the comment may have been intended partially in jest, it is confirmed by Dan Bricklin (2001) in his account of his experiences as an entrepreneur. Experienced in both success and failure, Bricklin admits he received funding from diverse sources, from banks to relatives.

The fine line between an exhaustive search and desperation will take longer to cross if companies are well informed about their options before the search even begins. If enterprises embark on inefficient or disorganized searches, success will be that much more elusive (Gibson 1992). CEOs agreed, pointing out that choosing financing is a strategic decision; companies should only choose investors that will provide a good fit with the business' intended direction. The proposed use of the financing is also relevant in making a decision of whom to target, since some sources of funding are more appropriate for certain uses. For example, capital assets should be funded through supplier financing or lines of credit, not through venture capital. Also, in situations where overseas growth is an option, Export Development Canada is an excellent resource. CEOs also noted that the Canadian Venture Capital Association website (www.cvca.ca) is an excellent resource for this type of research. Once the decision is made, CEOs stressed the importance of maintaining a transparent relationship through timely and regular reporting, and honest communication about setbacks and challenges and how the company has learned from them.

The challenge of exploring alternative sources of financing can be alleviated by looking to some of the research literature on the subject. Van Auken (2001) admits that part of the reluctance to seek guidance from academic literature is that finance theory of the early 1990s may have failed many small businesses because it focused primarily on large, established firms that have access to capital markets. While CEOs may not be interested in the history of the theory behind the information, there is no doubt that the discussion it sparks speaks to their challenge. Before companies embark on a search, clear business plans and a keen awareness of financial priorities are of primary importance (Bricklin 2001). Awareness of life cycle financing should also come into the equation, since start-ups may find more success in depending on personal equity, friends and family, and banks, while established businesses offer more potential for venture capital or angel investors (Van Auken 2001).

Providing a firm basis for financing is more than simply drawing up good plans on paper, although this is admittedly part of attracting sources to fund future growth. Investors know what they are looking for and what they expect from their investments, and companies must target what will be a good fit with their company. This is so important, in fact, that investors may even base their decisions on matters of character and entrepreneurial motivations as well as on thoughtfully produced business plans and directions (Amit et al. 2000). Companies must, however, also ensure that the managerial structure is in place to deal with the funding, since poor managerial skills have been linked to financial distress (Van Auken 2001). Finally, companies should expand their search beyond the most commonly known sources. Issuing common stock or seeking private investors from an existing customer base may provide financing for a project at hand. Factoring and R&D financing may be more difficult to arrange, but may prove successful if a company has provided a return on investment summary and identified its risk management strategy. Van Auken (2001), however, notes that many companies do not include possible grants from government agencies in their ongoing searches for financing. These grants are frequently focused by region or sector, and are often available to companies when they are in the first few years of growth and at their most vulnerable.

Human Capital: Building a Winning Management Team and Attracting and Rewarding Top Talent Throughout the Organization

A strong leadership team is critical to the success of any firm, but how can CEOs build and retain teams that will succeed throughout a firm's growth and development? One Wisdom Exchange discussion focused on bringing experienced business leaders together to talk about how to recruit, develop, and reward employees. Their conclusion was that attention to structure and strategy is as crucial in human resources as in any other element of a business. "Don't hesitate to make the tough decisions," CEOs repeated through the session, "and sooner, rather than later!"

The first area of consensus for participants was how to build a professional management team – in the words of one participant, evolving from "doers to leaders." The approach advocated by attendees was to begin with an analysis of what characteristics are required for leaders in their businesses, then plan to help existing staff stretch into new roles. CEOs should anticipate stages in the development of the company, and management requirements at each stage, then plan ahead for the evolution of those stages. The most important feature of building talent within the company is to train and develop senior and middle management in strategic planning so they know how to align operational tactics with the company's vision and strategic focus. Levers for "evolving" employees can include mentoring and leadership development. Almus and Nerlinger (1999) stretch the locus of responsibility further back, noting that an effective founding team sets the stage for future success. The founder's own character can help drive the company forward (Cressy 1996), and companies can also cull good managers from the ranks of employees, and establish management teams that can provide insurance for future challenges. Team members can complement and compensate for each other in knowledge gaps, which not only benefits the company as a whole, but also builds mutual appreciation.

CEOs recognized, however, that not all employees are suitable for every stage of a company's growth cycle (Greiner 1998; Bhargava and Murray 2000). There are instances when longstanding employees are no longer appropriate for the company and its future requirements. This is one of the "tough decisions," and CEOs advised that business and organizational needs must always be considered first. Ensure that expectations and feedback are both clear and direct, but if employees are not capable of stretching into new roles, the CEOs affirmed the need for prompt action. Attendees urged executives in this position to act quickly, get outside legal advice if appropriate, but above all handle the situation fairly and respectfully.

Thankfully, attendees felt that fit and performance issues can often be avoided by building accountability and performance goals into employees' roles (Dimnik 2000). It is critical that business leaders establish clear role definitions and performance expectations, and tie rewards and consequences to those expectations. Performance management and measurement tools can provide valuable feedback, but that feedback must be provided to employees honestly and regularly in order to bring about improvements. Ideas for performance measurement included self-evaluation plans, non-monetary rewards (such as profit sharing, equity and stock option plans), and balancing pay with 'lifestyle' issues, including flexible hours. Most importantly, rewards should always be tied to clearly articulated performance goals.

The CEOs expressed wariness of employee stock plans without a strong link to the overall business strategy. They suggested instead that performance be evaluated and rewards given based on a Balanced Scorecard approach, which captures customer service and satisfaction metrics. Kaplan and Norton (2000) describe the value of this approach, which can ensure that strategy execution is an accurate reflection of performance measurement. Both academics (Roberts 1989) and the Wisdom Exchange CEOs are quick to point out that no one performance measure can be viewed as a magic bullet: "These issues don't have quick, easy solutions," one attendee noted, "but they have an impact on our ability to sustain growth."

Researchers resonate with the insights of the CEOs at the Wisdom Exchange, especially in acknowledging the leading role personal characteristics play in selecting managers and other employees. One point of possible dissonance is in the role played by relationships within the firm. CEOs did not focus on this possibility, but studies have shown that building networks of supportive relationships (Steier 2000) can provide a mentoring function and reinforce positive management initiatives. Almus and Nerlinger (1999), in their study of the growth of new technology based firms, are so convinced of the importance of the human capital of the founder that they place it above actual business knowledge. Even beyond the founding or management team, however, the characteristics of the human capital contained within a firm have huge implications for business success. In fact, human and organizational resources are the core dimensions underlying firm performance for small businesses (Brush and Chaganti 1998). Researcher and CEO views also converge on the issue of seeking outside advice, and one study associates obtaining outside advice on issues of staff recruitment with positive firm performance (Robson and Bennett 2000).

Innovation: Using Technology to Optimize Business

When strategically applied and effectively deployed, technology can allow businesses to respond to competition with agility, innovate rapidly, and manage resources and assets efficiently (Saunders and Chan 2002). However, CEOs are faced with myriad challenges, from accurate calculation of technologies' return on investment (ROI) to ensuring adoption of new tools by employees and customers.

The first challenge articulated by Wisdom Exchange CEOs was how to get customers and staff to use technology already in place. For employees, effective plans stressed training and regular feedback on performance. Make sure employees are comfortable using the tools available to them, and involve staff in technology decisions, CEOs urged. Like any other critical business process, technology use should be tied to performance measures and compensation for staff. For customers, incentives for using new technology can include marketing materials, email updates, promotions, open houses, and newsletters. Price incentives were also brought up as a way to migrate existing customers to new tools. The CEOs, however, did not mention the possibility of cultivating tight links with other firms as a means to increase the use of technology, whereas researchers note that exploiting the collective experience of inter-company networks can help facilitate technology adoption (Almus and Nerlinger 1999). Firms can also use R&D cooperation to head off the potential for diminishing returns (Brouwer 2000). Almus and Nerlinger (1999) note that new technology based firms or firms using new technology achieve, on average, higher growth rates than non-innovative firms.

The second challenge shared by a number of participants was how to continually identify and assess potential technology opportunities, and how to determine the ROI of new technologies. The CEOs felt that in every organization, at least one key individual should be charged with continually scanning for new technology opportunities and presenting promising solutions and tools to senior management. In the analysis of any new tools, experienced CEOs warned that process mapping is necessary to understand the true cost of technology adoption and implementation. A full picture of ROI should include the full cost of deployment, hard and soft benefits, and an assessment of scalability. Ideally, the benefits of new technologies should be realized immediately and in future stages of business growth. Ironically, companies can plan for these benefits even in times of uncertainty; according to Brouwer (2000), the rate of diffusion of technological innovations does not suffer due to uncertainty. Enterprises can continue to invest in technology to support development and growth in spite of economic uncertainty. Although the risk of loss still exists, the potential for a sizeable payoff is increased.

Finally, CEOs wanted to understand how to ensure technology is used to accelerate the execution of new ideas. "How do I innovate faster," one CEO wondered, "so that we can continue to grow profitably?" Accomplished technology leaders within the group felt that the keys to innovative and productive technology use were communication, accountability, and flexibility. Employees must be fully aware that adoption of technology is critical to the success of the company. As a last resort for showing the necessity of technology use, one CEO suggested that leaders "…invent a crisis to demonstrate that the tried and true is no longer going to work." Accountability can be achieved by the use of formal project management, which provides management with the opportunity to monitor progress and make changes when necessary. Finally, flexibility is crucial, as one CEO noted: "If a particular [technology] project hits a wall, walking away for a while is sometimes effective to re-energize your participants."

Limitations
A limitation of this paper is a direct result of its length, which allows for only a brief review of the academic literature on the topics at hand. Another limitation is that the practitioner data are restricted to input from CEO participants of the 2002 Wisdom Exchange. Also, due to the nature of the roundtable discussions at the Wisdom Exchange, all CEOs were grouped together regardless of their companies' sectors, stages of growth, and any other factors. Nonetheless, during the CEO discussions, participants came to agree on a focus for their ideas, and to a consensus that, we argue, therefore becomes potentially beneficial for all business leaders of innovative, high growth firms.

Discussion and Contributions

Insights from this paper are based on two dimensions: the convergence and divergence between the challenges and potential solutions voiced by the CEOs who attended the Wisdom Exchange discussions (who provide practitioner perspectives), and the counsel provided in the research-based literature. The paper, therefore, provides a dual perspective on business issues faced by innovative, high growth enterprises. By recognizing and addressing areas of common interest and concern, it helps to fill an existing void. The paper also serves as a reminder that many of the issues that interest researchers appear on a continuum that ranges from a high to a relatively low degree of relevance to a business audience.

Table 1: Summary of Findings

Issue	Comments	Conclusion
Mergers, acquisitions, and alliances	• Both sources agreed on the importance of thorough relationship building before embarking on an alliance or merger. • There was agreement on the potential benefits of alliances, with both sources sounding notes of caution to not jeopardize existing strategies and to call in third party mediation if necessary.	Significant convergence
Pursuing markets beyond NAFTA	• Recruiting people with international experience can go far to ensuring success in a new region, since this will harness their knowledge of local customs, culture, and business practices. • CEOs pointed to various sources of information, including trade shows and government sources, but not academic literature.	Partial convergence, partial divergence
Financing: Leveraging your financial partnerships and using alternate sources of financing	• Both sources agreed on the importance of developing relationships with banking representatives, in spite of the potential to conduct most transactions electronically. • Researchers encourage businesses to adopt life-cycle financing strategies, and suggest options such as venture capital, angel capital, personal financing, issuing common stock, private investors, and government granting agencies. • Both sources agreed on the benefits of consulting with outside advisors (e.g., accountants, lawyers).	Partial convergence, partial divergence
Human capital: Building a winning management team and attracting and rewarding top talent throughout the organization	• CEOs agreed that a professional management team depends on strong leaders; research concurs, and notes that this responsibility stretches back to the founders of the business. • Personal characteristics play a significant role, and researchers emphasize the influence of personal relationships within the firm. • Both CEOs and research noted the potential usefulness of the Balanced Scorecard approach when evaluating performance.	Significant convergence, slight divergence
Innovation: Using technology to optimize business	• CEOs noted that technology use should be tied to employee performance measures, while recent research focused more on how inter-company networks can facilitate technology adoption. • Both sources agreed on the importance of continually developing technology opportunities.	Partial convergence, partial divergence

In general, there was significant overlap between the two sources (see Table 1). The Wisdom Exchange organizers, through the Research Reference Group and CEO input, spoke to relevant and timely issues in a quickly evolving business. Literature searches also revealed significant academic attention to the issues raised. One area of weakness in the academic offerings, however, deals with the matter of human capital. Although researchers have performed numerous studies on the influence of company dynamics and relationships as they relate to a company's human capital, there seemed to be relatively little discussion on hiring, firing, and growing the staff of high growth firms. Such a gap offers specific opportunities for future research.

This comparative exercise also revealed unique features of the research-based literature that may offer time- and energy-saving insights to practitioners. The discussions held at the Wisdom Exchange focused CEOs on functional areas, while researchers were much more free to let their research lead them to connections among these areas. The value of a firm's human capital, for instance, has direct bearing on its ability to capture the interest of potential investors; if investors are confident their money is in good hands, they are more likely to take the plunge (Van Auken 2001). Researchers also make a tight connection between innovation and human capital, since innovation and growth require careful management and uncontrolled growth dilutes the effectiveness of leaders (Abetti 2001). According to others, innovation also depends on financing, and on acquisitions or alliances (Markman, Balkin and Schjoedt 2001). A company's ability to expand, whether internationally or domestically, can also hinge on anything from its willingness to enter into networks, to the effectiveness with which its managers can deal with geographic distance, technology, and political and financial uncertainties (Fladmoe-Lindquist 1996). Since researchers draw the data for their studies directly from enterprises over years of observation, they are able to glean a broad range of experiences and perspectives. The value of the connections they make between and among functional areas is passed on directly in the literature they produce, and can be exploited by CEOs who might otherwise miss these interrelationships when focusing narrowly on specific functional challenges. The academic literature can alert managers if they are about to embark on a potentially ill-informed decision, and can also provide reinforcement for particularly astute maneuvers. It is impossible to know whether or not the Wisdom Exchange discussions would have eventually broken out of the functional areas prescribed by the conference organizers, if more time had been allocated. Signs of functional integration in the literature, however, are encouraging, particularly since academic institutions are still often organized in traditional ways along narrow functional lines.

One noticeable difference emerged between what the Wisdom Exchange CEOs had to say and what presents itself in research-based literature in the area of the so-called "new economy". Research related to new economy changes or influences abounds, yet this is a phrase that CEOs never voiced. The CEOs focused on immediate issues that speak to their current business challenges; the big pictures trends appeared less relevant. It does not seem logical that the challenges of the new economy are more academic than practical, so what else could account for this apparent disjuncture? One criticism of academic literature is that, because it is based on rigorous, peer-reviewed studies, findings are often delayed. It is possible that recent literature is only now riding the new economy wave, while CEOs have already let it take them as far as they want to go. While the "buzzwords" of research (such as "new economy" challenges) may help to mold future directions, they may have already become passé in the world of day-to-day business relationships and transactions. This would account for the lack of convergence, at least in terminology, between the two sources.

According to the divergence and convergence of information uncovered in this brief comparison, CEOs of innovative, high growth firms would particularly benefit from future research in areas related to human capital, particularly with respect to concrete strategies to deal with attracting and retaining people who would be a good fit with their companies. Research on financial partnerships and alternative financing would also be valuable, especially since fluctuating trends may unduly influence the directions firms take in their search for sources of financing. The relevancy of this research will undoubtedly continue to be a concern. Even if research adopts and follows an agenda that aligns with all of practitioners' immediate concerns, there is no guarantee that the results will be applicable in ways practitioners require. How can 'knowledge' and 'know-how' build on each other? Perhaps the two should not ever fully converge, but there should instead be a healthy tension, and a continuous indirect flow of information between researchers and practitioners, in the form of intermediaries (e.g., consultants, venues such as the Wisdom Exchange, and organizations such as QCED Inc.) that span the gaps between the two.

Conclusions

CEOs of leading growth firms occupy unique positions in the business world. They are faced, on a continual basis, with opportunities and challenges that require them to make decisions for their companies that have vast ramifications, and often involve significant risks. The more information they have at their immediate disposal and in their store of past experiences, the better they are equipped to act judiciously and benefit their companies. CEOs can gather experiences either first-hand, through formal or informal conversations and discussions with their peers and other advisors, or by perusing the rich store of knowledge contained in the research-based literature. While the matter of first-hand know-how will always remain out of their control, they are free to elicit the opinions of their acquaintances and business advisors on matters that arise. Knowledge contained in research literature can also be used by CEOs to make connections between challenges and potential solutions that take into account the whole company and aspects of its future growth. Venues such as the Wisdom Exchange are invaluable to business leaders in what they can bring to light. CEOs can quickly benefit from the accumulated experiences of dozens of their peers. The literature produced by researchers who have spent years observing the development of organizations also has the potential to benefit CEOs. The wise CEO competes, therefore, using both know-how and knowledge.

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