

## Chapter 5

# The Nature of the Gap

### ABSTRACT

*This chapter describes the gap between the complete firm and the TSU and the challenge it presents to the enterprise and to the entrepreneur/owner. First, the different aspects of the gap are presented. The description of the required changes follows. This includes the establishment and growth of missing units/activities in the TSU required to make it a complete firm along with the demands this change places on the entrepreneurs/owners. The issue of the required learning relating to the required accumulation of managerial capabilities is presented. This leads to a discussion of the potential crisis that may result from the need to address the new demands. Some potential risks for the entrepreneur are presented regarding the change.*

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## **INTRODUCTION**

The fact that there are organizational, cultural and thus managerial differences between the TSU and the Complete Firm does not automatically mean that there are problems in the transformation from the first to the latter. In order to present the difficulties and risks involved in the transformation, the nature of the gap should first be explained.

It is important to recall that the TSU is in the process of creating value internally in order to further develop. This is part of the background to the transition, and it is important to understand where it can impact the entire activity.

Only once the nature of the gap is clear, can the demands on the entrepreneur /owner be presented and explained. The demands as will be explained in detail below, require the entrepreneur to not only adapt to a new way of doing things, which is difficult enough in some cases, but actually to develop additional managerial capabilities. That development of managerial capabilities is placed in most cases not on a single person, but rather on the management group as a body. However, it requires some learning process from all in order to participate in decision making related to the new disciplines introduced.

Thus, it is important to understand that the transition from one mode (TSU) to another (Complete firm) is more in the nature of a revolution than a calm continuous process. This can create a “breaking point” for entrepreneur and an exit point for some from the enterprise.

## **THE NATURE OF THE GAP**

In the chapters above we described each type, the TSU and the Complete Firm. In this chapter we shall describe the gap between the TSU and the Complete firm, from all the aspects described above. The difficulties in covering the gap and the actions required to do so. As in most fields of management, here as well there are several possible solutions for the difficulty in overcoming the gap. We shall focus on the main solutions and the reasons for selection of each one, in the following chapter.

For clarity purposes we shall first define what is not the gap we are discussing here. There are different gaps in the value creation process of a TSU. There can be a gap between each of the development stages described

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