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Identifying Gazelles: Expert panels vs. surveys as a Means to Identify Firms with Rapid Growth Potential

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Abstract: We conduct a business plan competition to determine whether survey instruments or panel judges are able to predict which participating firms will grow fastest. Participants were required to submit a simple six- to eight-page business plan and then defend that plan before a panel of three or four judges. We surveyed the pool of applicants shortly after they applied, and then one and two years after the business plan competition. We use the follow-up surveys to construct a measure of enterprise growth, and use the baseline surveys and panel scores to construct measures of the potential for growth of the enterprise. We find that a measure of ability correlates quite strongly with future growth, but that the panel scores add to predictive power even after controlling for the measure of ability and other variables from the survey. The survey questions appear to have more power to explain the variance in growth. Participants presenting before the panel were give a chance to win customized training. Fourteen months after the training, we find no positive effect of the training on growth of the business.

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