



### **Part III: Case analyses**

Part III contains Chapters 12 to 19, each of which comprises a detailed analysis of one of the eight cases in the study.

Each case analysis considers: early influences on the entrepreneur; his or her social capital, the strategy and business model; support required by the entrepreneur; how the entrepreneur makes meaning from the venture creation experience; relationships between different levels of analysis and similarities and differences between respondents. Each case concludes with an examination of the implications of the analysis.

## CHAPTER 12. CASE ANALYSIS: AHMED

Ahmed is a 36-year-old Indian male who has worked his way through the ranks of the IT (information and technology) consulting and software development industry. Techthink was started by Ahmed and his partner Jorge some seven years ago, and has been growing steadily.

Although he appears calm and genial, respondents described him as stress-prone, detail-oriented and with a high need for control. Ahmed could be described as a blend of the personal achiever and real manager/entrepreneurial personality types (Miner, 2000). Ahmed feels somewhat intimidated by the superior corporate and educational experiences of those around him, but he is proud of his personal growth and the business success. He clearly extracts much enjoyment from the deal-making inherent in venture creation, but is acutely aware of the responsibilities toward employees and clients that entrepreneurship imposes.

The interviews with Ahmed were brisk and businesslike, with a strong focus on the nature of Techthink. The founders' passion for the business was very evident throughout the discussions.

This case analysis is based on transcripts from the interviews contained in Appendix G and coded as per Appendix I, and summarised in Chapter 4 of this document.

### 12.1. Early influences

The most significant event of Ahmed's life was the death of his father, which together with his impoverished childhood, left him with a strong desire to achieve financial security through entrepreneurial endeavour (Jack and Anderson, 2002). He achieved this security through judicious career moves and disciplined control of business and domestic spending, even before embarking on entrepreneurial activity.

As illustrated in Figure 3, the events respondents described as influential for Ahmed were generally negative during the early years, becoming more positive

as he left childhood and school behind and gained a measure of control over his own destiny.

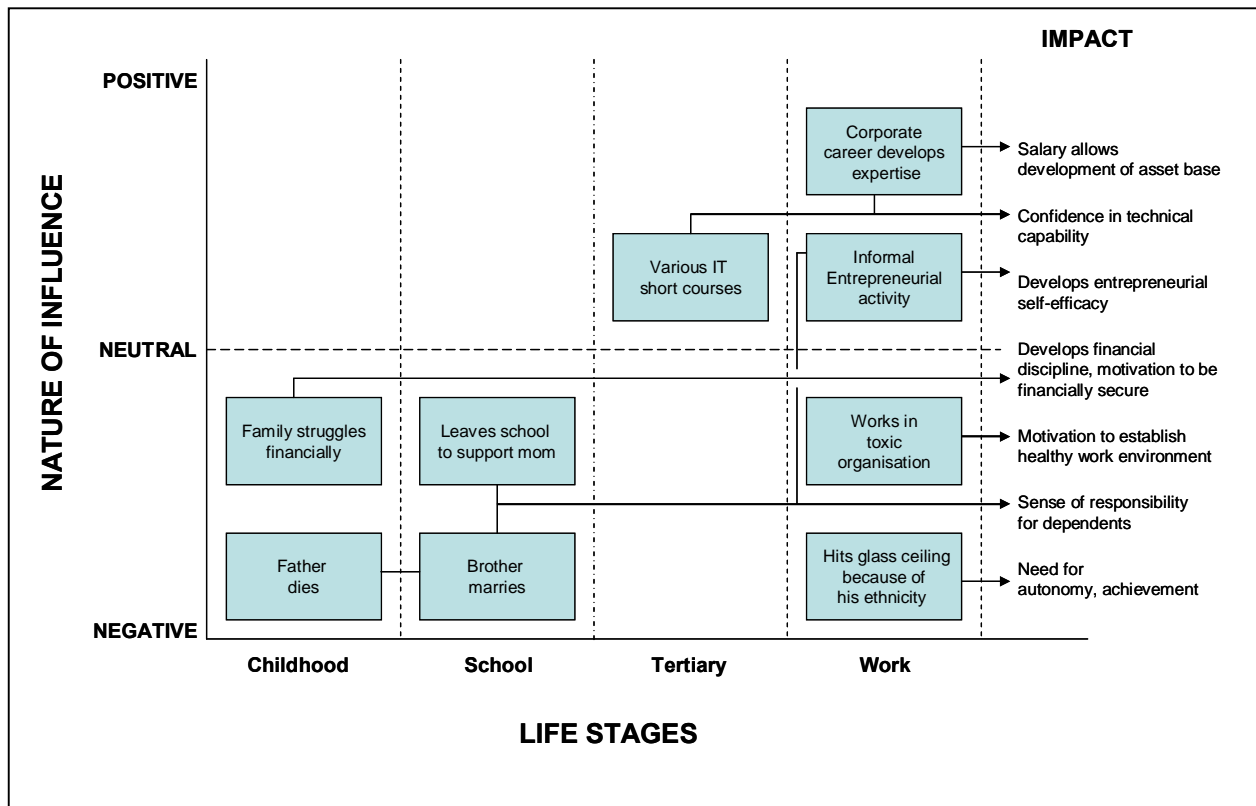


Figure 3. Early influences on the entrepreneur

Following his brother's marriage, Ahmed had to support his mother, a responsibility he continues to fulfil, and which echoes his commitment to the welfare of his employees, reinforcing the influence of family and network embeddedness on the entrepreneur (Aldrich and Cliff, 2003). Ahmed's unpleasant work experiences also motivated him to prioritise the establishment of a healthy, empowering workplace at Techthink, demonstrating the blueprint theory of founders' organising preferences (Baron and Hannan, 2002).

Although Ahmed did not complete his education, a constructive corporate work environment and a series of technical diplomas have left him with relatively high levels of perceived technical competence. In addition, his early entrepreneurial endeavours, while relatively survivalist in nature, appear to have contributed directly to the development of his entrepreneurial self-efficacy (Chen *et al*, 1998).

The shift from employee to consultant to contractor also allowed Ahmed to steadily develop his own appetite for risk. His success as an employee and a consultant allowed him to build up a significant asset base which was later used to fund the development of Techthink. This helped lower the perceived risk of start-up (Mullins and Forlani, 2005) and increase perceived feasibility of the new venture (Krueger *et al*, 1994).

Perceived discrimination on the basis of his ethnicity contributed to Ahmed's need to achieve (Johnson, 1990) and stimulated a need for autonomy (Shane, 2008), which is possibly in conflict with his need for financial security, triggering anxieties about risk taking and a need for control (Kets de Vries, 1985) over even the smallest financial expenditure.

## 12.2. Social capital

Ahmed's family relationships are strong and tradition-bound, placing him at the head of the family and representing an important source of affective support (Steier, 2003). The involvement of one of his daughters in the business reflects the established influence of entrepreneurial parents on their children (Jennings and McDougald, 2007).

Ahmed also appears to be part of an active network characterised by a relatively large number of relationships, most of which would appear to be strong ties (Anderson and Miller, 2003), offering close personal and community relationships centred on his family and religious affiliations. It is likely that his business success is appreciated in this network and that relatively high levels of deference are extended to him within the context of these relationships (Goss, 2005).

Weak-tie relationships seem somewhat less productive for Ahmed, possibly as a result of his own uneasiness on his formal educational and social status, and the consequent sensitivity he might feel towards shame-inducing interactions with corporate clients (Goss, 2005). His business partner contends that Ahmed's natural conservatism appears as a lack of trust in interactions with clients, and this inhibits relationship development (Welter and Smallbone, 2006).

The partnership itself is a critical source of social capital (Greve and Salaff, 2003), in that its BEE status represented a significant and relatively unique

component of the venture offering at start-up. The relationship between the two partners also represents an important font of resources and mutual support (Anderson and Miller, 2003), to the extent that neither can readily imagine entrepreneurial success without the other.

### 12.3. New venture-creation process

As illustrated in Figure 4, the need for security and the need for achievement appear to have been the dominant motivating factors behind Ahmed embarking on new venture creation.

Ahmed's early interest in business was apparently stimulated by the belief that no better opportunities were afforded him in apartheid South Africa. This verges on a forced choice and he could thus be seen as being dislocated from normal employment (Shapero and Sokol, 1982), at least perceptually. The start-up process may be illustrated as follows:

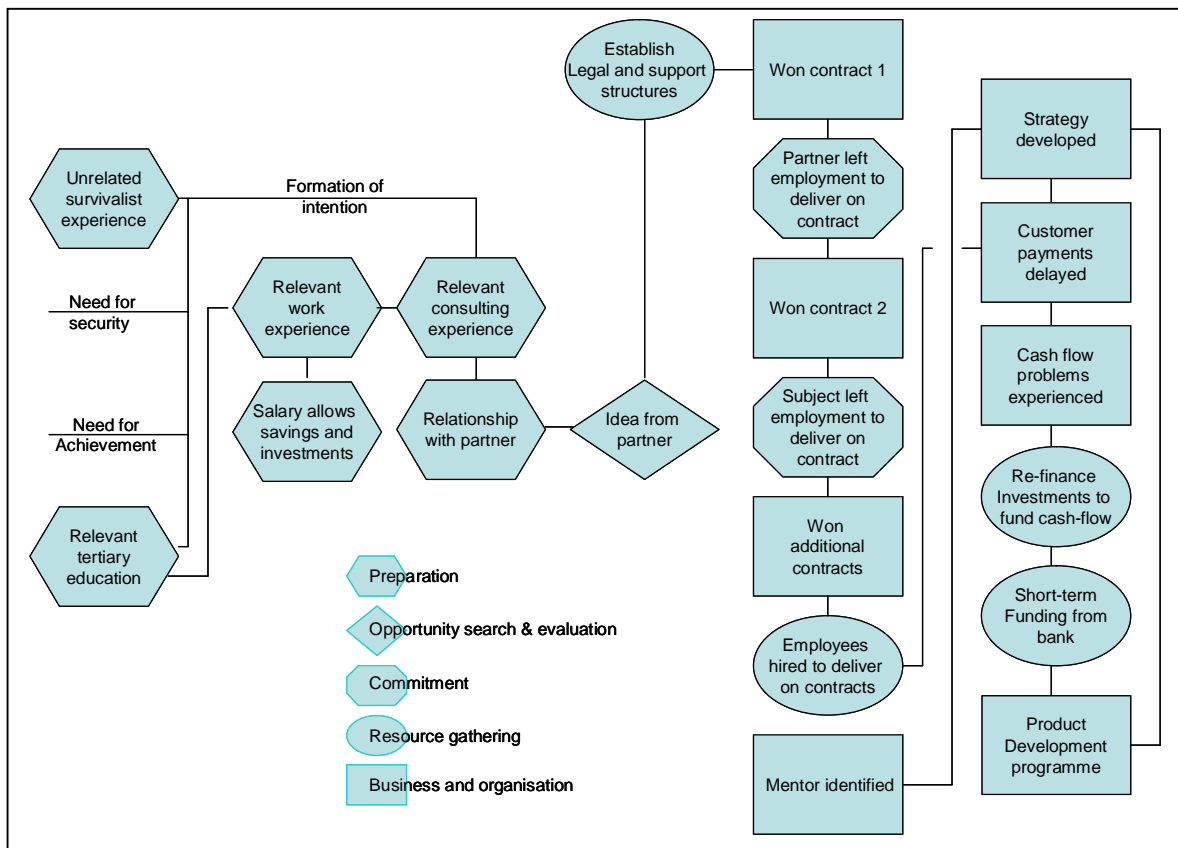


Figure 4. Ahmed's New Venture-Creation Process Map

Soon, he learned the thrill of making the deal, and began to believe he would pursue entrepreneurial activity one day. He prepared for this eventuality by selecting ever-more risk-seeking work roles and by ensuring he was debt-free. However, it is not clear to what extent Ahmed was engaged in an active search for an appropriate opportunity (Shepherd and DeTienne, 2005).

It seems possible that Ahmed's conservatism and risk aversion might have motivated him to remain in full-time employment or the equivalent, had the Techthink business concept not been presented to him by Jorge. In turn, Jorge seems to have been primarily motivated by the desire to apply his new MBA-stimulated business skills, rather than by the promise of financial gain (Zafirovski, 1999).

As illustrated in Figure 4, the partners agreed to proceed, the legal structure was established and the first client contract won. It was at this point that the business was considered to have been initiated (Carter *et al*, 1996). Start-up seems to have occurred within a relatively short period of three to six months, although Ahmed's financial preparation and the evolution of his risk appetite took place over many years.

There does not appear to have been a formal opportunity search and evaluation process (Ardichvili *et al*, 2003). Instead, the partners sought a customer willing to pay for their services, and then steadily replicated the first sale. In a sense, the opportunity was evaluated and validated by the acquisition of the first and each subsequent customer.

It could be argued that in a project-based business such as Techthink, opportunity search and evaluation is not a once-off event at start-up, but rather an ongoing process of managing risk while building a sustainable business model. As a result, resource gathering and organisation building occur continuously in reaction to the needs of a particular client opportunity rather than systematically as part of strategy implementation.

#### **12.4. Business model and strategy evaluation**

In this case, the business model has developed over time as the partners have learned about the competitive environment and their own strengths and

weaknesses (Morris and Zahra, 2000). Strategy development has therefore emerged as a pattern of decisions rather than as a plan aimed at achieving a pre-defined goal (Mintzberg 1991).

The Techthink business model is described in Table 10, in terms of the six components of Chesbrough and Rosenbloom's (2002) business model framework:

**Table 10. Business model and strategy**

<b>Value proposition</b>	<ul style="list-style-type: none"> <li>Initially, a basic labour-brokering service offering scarce IT resources on an hourly basis, where and when required by clients.</li> <li>Now, design and implementation of unique, cost-effective software solutions by a fully-fledged BEE accredited business.</li> </ul>
<b>Market segment</b>	<ul style="list-style-type: none"> <li>Initially, large corporate IT departments.</li> <li>Now, developing special expertise in the telecommunications industry on the back of a long-standing relationship with Comcorp.</li> </ul>
<b>Structure of value chain</b>	<ul style="list-style-type: none"> <li>Large corporates seeking to implement sophisticated IT initiatives with the capability to improve organisational effectiveness are hampered by a lack of relevant skills, especially South African, BEE skills available at a reasonable cost. Corporates outsource to empowered consulting companies who own the skills and can cost-effectively deliver solutions.</li> </ul>
<b>Position in value network</b>	<ul style="list-style-type: none"> <li>Initially, the broker between demand for scarce resources and labour market supply.</li> <li>Now, supplier of proprietary software products and services.</li> </ul>
<b>Competitive strategy</b>	<ul style="list-style-type: none"> <li>Initially, competitive pricing, willingness to take on small projects for low margins to build relationships.</li> <li>Intensity of relationships, competitive pricing because of lower overhead, in-house development team that offers proprietary solutions.</li> <li>An organisational culture and management system, including an employee-owned trust designed to attract and retain rare and expensive IT skills.</li> </ul>
<b>Costs and profit potential</b>	<ul style="list-style-type: none"> <li>Naturally relatively low as revenue and costs are closely related, and because margin sometimes sacrificed to benefit relationship.</li> <li>Will be higher as solutions strategy replaces outsourcing strategy and licensing fees from proprietary software begin to flow.</li> </ul>

Techthink's strategy could be termed 'reactive imitation' (Park and Bae, 2004) in that they were followers in a local existing market, albeit with an opportunistic eye on changes in BEE legislation.

The strategy as currently described is mutually consistent (Rumelt, 1991), especially as the intended organisation culture supports the heavily relationship-oriented strategy. The strategy has been consonant (Rumelt, 1991) with the environment, paying particular attention to changes in customer needs. The strategy is also feasible (Rumelt, 1991), although it is clear that financial

resources are stretched, and access to external funding may prove critical to the business viability.

The dependence on relationships as the most important source of competitive advantage (Rumelt, 1991) may leave Techthink vulnerable to larger competitors able to fund the development of more measurable competencies. Alternatively, this may be a function of lower competitive intensity in the developing country environment, as previously suggested (Lingelbach *et al*, 2005).

### **12.5. Support required**

In this case, the required support has been actively constructed by the entrepreneur, who has created a micro-environment of family and business partnerships that deliver resources and emotional support when required. This environment substituted for institutional support, which even when it was sought, was not made available to the entrepreneur (Schlemmer and Hudson, 2004).

The respondents clearly describe Ahmed's need for emotional support and resources during the new venture-creation process (Audia and Rider, 2005). The business is self-funded and there is a continual struggle to find and retain the right skills. The partnership delivered the business idea, the skills and financial resources to make it operational, and a great deal of the intellectual validation and emotional encouragement required during the development of the business.

Ahmed requires substantial emotional support (Grundlach *et al*, 2003). His daughter refers to his fears prior to start-up, Jorge describes Ahmed's intellectual and financial insecurities during the business development and Ahmed himself admits to high levels of stress and anxiety even after the business could generally be considered successful. Ahmed's family absorbs much of the emotional load, although the partnership with Jorge also plays a critical role.

Further support for the business was supplied by the mentor (Ozgen and Baron, 2003) that Ahmed and Jorge contracted with to assist in strategy development, and additional financial assistance in the form of a reasonable overdraft was provided by a financial institution.



## 12.6. Meaning making

Ahmed makes sense of his entrepreneurial experience primarily through the medium of the journey metaphor (Hill, 1995). Not only does he describe the entrepreneurial experience directly as a journey of unknowns (1D MIMG 22:799), but his speech is littered with oblique references to the metaphor terms such as *move*, *explore* and *step*.

By using the journey metaphor, Ahmed is reflecting on his own development, and communicating his ability to learn and progress, even in the face of obstacles. Ahmed simultaneously admits to the difficulties he has faced during the entrepreneurial experience and celebrates his ability to successfully overcome them. He even implies that without risks and obstacles, the entrepreneurial experience would not be as enjoyable or rewarding.

*There was opportunity to move around, to get exposed to everything. I started off in the network department; I've been through the operational cycle, so I went to the network. Then I always wanted to get into programming, because that was the next step. (1D MIMG 8:258)*

*How can you understand the difficulties of life without going through them yourself? If someone tells you about it, you don't appreciate it. Only when you have been there can you say 'I don't want to go back there'. (1A MIMG 3:96)*

Ahmed also uses the journey metaphor to refer to future challenges and uncertainties, again suggesting that the risks involved are part of the enjoyment of the entrepreneurial experience. The metaphor highlights the pleasures of the journey without necessarily communicating the fears and anxieties that such travel might arouse:

*It's like going to find new business, and strategically where we going, and like you know, let's say we want to go to Australia now, how do we do it? You know, what are the plans, go and do the visit, this, that, you know that's the part I'm looking forward to now. (17:595)*

*You [are] not always necessarily in control of your destiny. You can just try and ... like I said, it's circumstantial, depending where you are at that particular point in time, that will determine where you are going to go to. And it's those initial steps that are the critical ones, because sometimes you just go so far down there's just no turning back. (1D MIMG 29:1056)*

As Turner (2008) points out, the journey is a primary conceptual metaphor used with reference to reasoning, learning and even life. It assumes a starting point

and movement towards a goal. Journeys may involve careful planning and resource management, but they also involve randomness and the unexpected (Turner, 2008). This makes the journey difficult, although overcoming obstacles is in itself a reward. The journey metaphor also implies exploration and consequent learning, in that the traveller starts out from the known and proceeds to the unknown, to make it known (Turner, 2008).

The use of the journey metaphor is intended to evoke in the audience a sense of the interest and pleasure of entrepreneurship (Douglas and Shepherd, 2002) . that the experience is surprising, challenging and inherently rewarding. The learning that this implies (Turner, 2008) is possibly of particular significance to entrepreneurship.

Of particular interest is that the metaphor suggests uncertainty may be a positive feature of entrepreneurship, as it is with a journey. Uncertainty means risk, and the metaphor implies that risk-taking such as that characteristic of a journey is enjoyable and fun (Garneau, 2001), a feature of the entrepreneurial experience that has been largely ignored by the literature.

Secondly, uncertainty implies ignorance, which in turn may offer a feasible explanation for what is more commonly thought of as entrepreneurial boldness. Perhaps entrepreneurs do not take risks because they are braver or more optimistic (Palich and Bagby, 1995), but simply because they do not know what lies before them.

The use of the journey metaphor simultaneously hides features of the experience such as the stasis, routine and even aimlessness that day-to-day management of a business might involve. The metaphor also minimises the fears and anxieties that might ordinarily be aroused by the uncertainty and difficulty of all journeys.

## **12.7. Levels of analysis**

The linkages between personal, social and business levels of analysis in this case are relatively weak. It may be because the presence of a strong partner in the business dilutes the individual entrepreneur's ability to project his personal characteristics on to external contexts.

### ***Personal – social***

As noted, it appears that Ahmed struggles somewhat with business relationships, both within Techthink and across the organisation-customer divide. This is likely to be particularly difficult given the business-relationship-based strategy and its importance to the effective functioning of business in a developing economy (Kristiansen, 2004). However, as the organisation grows, it becomes less dependent on the founders, releasing Ahmed from the burden of managing relationships himself.

### ***Personal – business***

Ahmed's desire for financial security forced him to attempt a variety of informal entrepreneurial enterprises throughout his school and work career, despite his tendency to minimise risk wherever possible, an aversion not atypical of experienced entrepreneurs (Saravathy, 2006). His career path from full employment to independent contractor and eventually to participating in new venture creation with his partner could be viewed as a steady progression towards entrepreneurship. Ahmed's self-efficacy and appetite for risk grew as his financial security increased.

Ahmed and Jorge's personal values on what constitutes a positive and productive working environment have been made manifest (Baron and Hannan, 2002) in the creation of an empowering organisation able to attract and retain highly skilled human resources.

### ***Personal – environment***

Techthink was initially built on changes to the socio-economic environment, specifically black economic empowerment and its associated legislation and the needs these created for Techthink's corporate clients. However successful this focus on the customer has proven, there does not appear to be any evidence of a sustainable competitive advantage. It is almost as if Ahmed and Jorge view their operating environment as protected from external competition, possibly as a result of their belief in and passion for the business. Again, this environmental naivety might be a function of lower levels of competitive intensity in a developing country environment (Lingelbach *et al*, 2005).

## 12.8. Respondent differences

Respondents were consistent in their description of Ahmed's motivation and perseverance as being based on his desire to achieve financial security and stability for himself and his family. His aversion to risk and financial discipline are also clearly observable from all perspectives.

Some interesting similarities and differences between descriptions of Ahmed emerged during the interviews, illustrated in Table 11.

**Table 11. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
<b>Motivation</b>	Financial security for self and family			
<b>Thinking</b>	Risk averse	Decision-making consultative	Analytical	Careful decision maker
<b>Emotion</b>		Controlled, but gets angry quickly		Warm, loving Withdraws when stressed
<b>Communication</b>		Talks a lot		Discusses business with family
<b>Relationships</b>		Prefers connecting to people	Makes deals, then hands over relationship	Good relationships in community
<b>Strength</b>	Financial discipline Good eye for detail			
<b>Weakness</b>			Maintaining relationships	

His daughter's description of Ahmed as warm and loving but nevertheless capable of disapproval complements the subject's own perception of his anger as a loss of control. Clearly his control is far better than he is aware of. The different descriptions of Ahmed's decision-making style all complement each other, creating a detailed picture of someone who is prepared to risk only once he has considered all the potential angles of the current situation.

The descriptions of Ahmed's relationship capability contradict each other. While his daughter observes that he has a facility with relationships, especially socially,

and the subject himself states that he prefers making light-hearted connections with others rather than asking for business from clients or managing employees, Jorge observes that Ahmed struggles to establish trust in relationships.

### **12.9. Implications of this analysis**

Ahmed's case illustrates that events in early childhood, during education and work may have a significant impact on later entrepreneurial development. These events create psycho-social needs that are fulfilled by entrepreneurial endeavour, as well as shaping motivation, self-efficacy and consequently, entrepreneurial behaviour. These early influences also provide the foundation for the resources that are later used in the initiation and development of the business.

The emotional intensity of the new venture-creation process is strongly evident, both in terms of the fears and anxieties aroused and in the thrill, excitement and passion the subject feels for the venture and experience of entrepreneurship. The partnership with Jorge plays a critical role in Ahmed's entrepreneurial development, in effect forming a significant portion of Ahmed's social capital and representing both his primary support system and resource-gathering mechanism.

In this case, the venture-creation process does not conform to existing models of new venture creation, in that there is no formal opportunity evaluation and start-up occurs in a staged fashion over a period of three to six months. In addition, strategy emerges as a pattern of decisions, rather than being embodied in a formal vision and business plan formulated in advance of start-up. Although macro-environmental conditions inspire the business idea, the competitive environment is largely ignored in favour of an obsessive focus on the customer.

Analysis of the metaphors Ahmed uses, a deliberate effort to consider the case at multiple levels of analysis and an assessment of the similarities and differences between respondents are all helpful in highlighting features of the case that might otherwise have remained hidden.

## CHAPTER 13. CASE ANALYSIS: ANDILE

Andile is a 24-year-old black male with a commerce degree, working as a marketing professional in a high-profile fast-food franchising business. Andile and his partner Thabo are months away from launching an innovative denim jeans brand aimed specifically at young black women.

Andile presents himself as confident and self-contained, while interview respondents described an individual who is focused, highly competitive and driven to succeed, which makes him a personal achiever type (Miner, 2000). His self-concept is achievement-driven, creative and different from others. Andile recognises that his youth puts him at something of a disadvantage as an entrepreneur, but he believes careful planning and the ability to leverage working relationships will make the business successful.

The respondents in this case were all relatively quiet and composed during the interviews. In contrast, Andile's passion and determination were remarkable, especially considering his relative youth. This case analysis is based on transcripts from the interviews contained in Appendix G and coded as per Appendix I, and summarised in Chapter 5 of this document.

### 13.1. Early influences

As illustrated in figure 5, the most significant influences on Andile's subsequent entrepreneurial experience were generally positive, reflecting his tendency to view events as potential learning experiences.

It is notable that the failure of his father's business is not mentioned by Andile throughout the interviews. The failure of this business directly impacted the course of his childhood, causing the family to move several times, which could have been seen as unsettling for the child. Instead, these events apparently contributed directly to Andile's interest in entrepreneurship. This reinforces the notion that children of entrepreneurs are more likely to become entrepreneurs themselves (Schindehutte *et al*, 2003), whether or not the parents were successful.

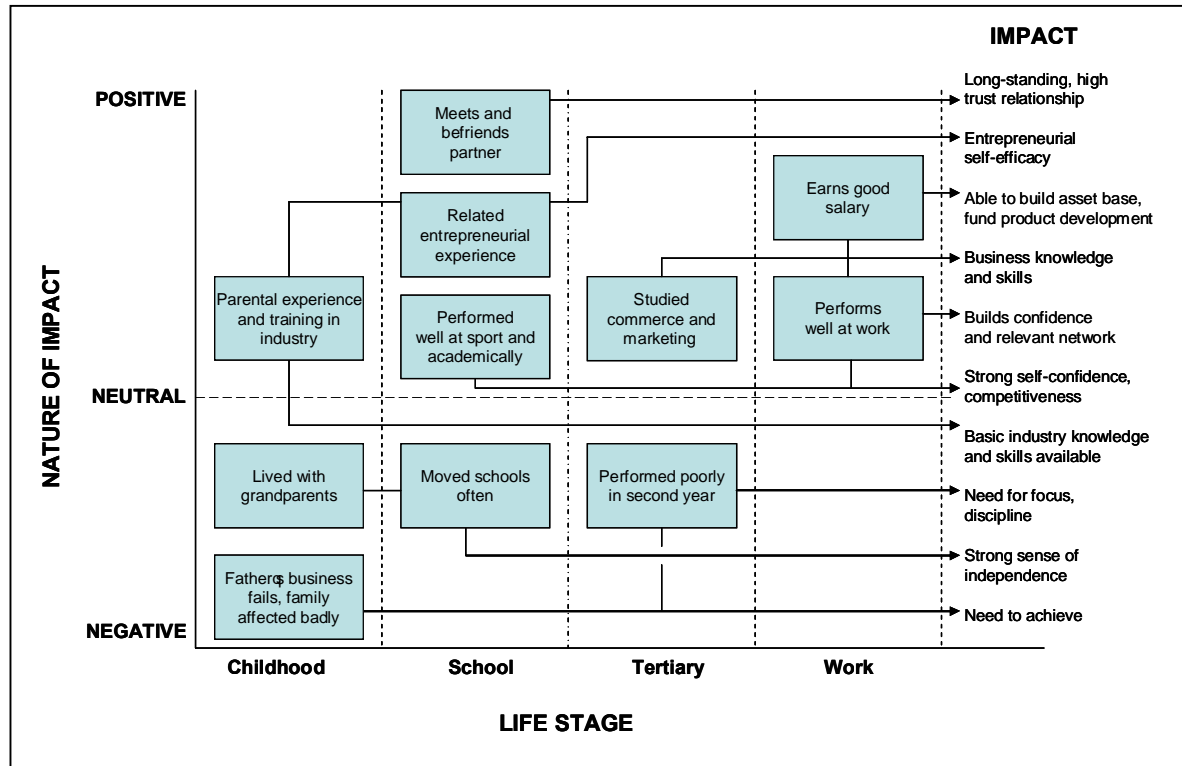


Figure 5. Early influences on the entrepreneur

Andile's school years appear to have been particularly important for him. Although he moved schools relatively frequently, he performed well in both the academic and sporting spheres. This reinforced his natural competitiveness and developed his self-confidence as well as contributing to his sense of independence and uniqueness. His tertiary education provided him with basic business knowledge and skill while developing his self-discipline and focus. This suggests that for the entrepreneur, education may play an important role in the development of self-efficacy, which could provide insight into the relationship between education and entrepreneurship (Maas and Herrington, 2006).

Andile regards employment as a means to an entrepreneurial end, a perspective in contrast to career theory literature which tends to view entrepreneurship as somewhat inferior to full employment (Harvey and Evans, 1995; Shapero and Sokol, 1982). Andile's work experience has given him the exposure to business practices he needs to embark on entrepreneurial activity, the self-confidence to do so at the same time as allowing him to develop a network he can use to develop the business concept and allowing him to fund product development from his own earnings (Shane, 2008).

### 13.2. Social capital

At this point in its development, the business is firmly embedded in the infrastructure of Andile's and Thabo's families (Aldrich and Cliff, 2003). Not only did the business idea come from a family member, but the family has been a strong source of motivation and affective support, as well as an important conduit of information and network access (Steier, 2003). Andile and Thabo's circle of friends have provided further support and useful feedback during the business development.

Assisted by family members, the partners have deliberately constructed an extensive network of weak-tie business relationships to assist in the development and launch of the business (Boyd and Vozikis, 1994). The network acts as a substitute for their lack of experience in business generally and specifically in the industry in which they have chosen to operate. Their relative youth and inexperience probably contribute to the sympathetic response they have enjoyed from industry stakeholders, but they might not be able to rely solely on this goodwill once the business is up and running.

The important role of these relationships throws Andile's natural introversion into sharp relief. Although he reportedly prefers his own company to that of others, and tends to maintain relationships with a small core of family and friends, he does not find it difficult to build relationships with potentially useful business contacts.

The relationship between Andile and Thabo has also played an important role in the development of the business. Based on their youthful friendship, the partnership delivers skills and personalities that are seen as being complementary, as well as mutual encouragement and support. There is some evidence that their longer-term goals differ, but the partnership is generally sound at present.



### 13.3. New venture creation process

As illustrated in figure 6, the process of new venture creation followed by Andile and Thabo is, in many ways, a classical one. The venture has proceeded steadily from business idea to opportunity development and evaluation, to product development and business plan development, to gathering resources and attracting funding. There has been a heavy emphasis on detailed planning throughout the process (Gruber, 2007).

The following diagram illustrates the new venture-creation process:

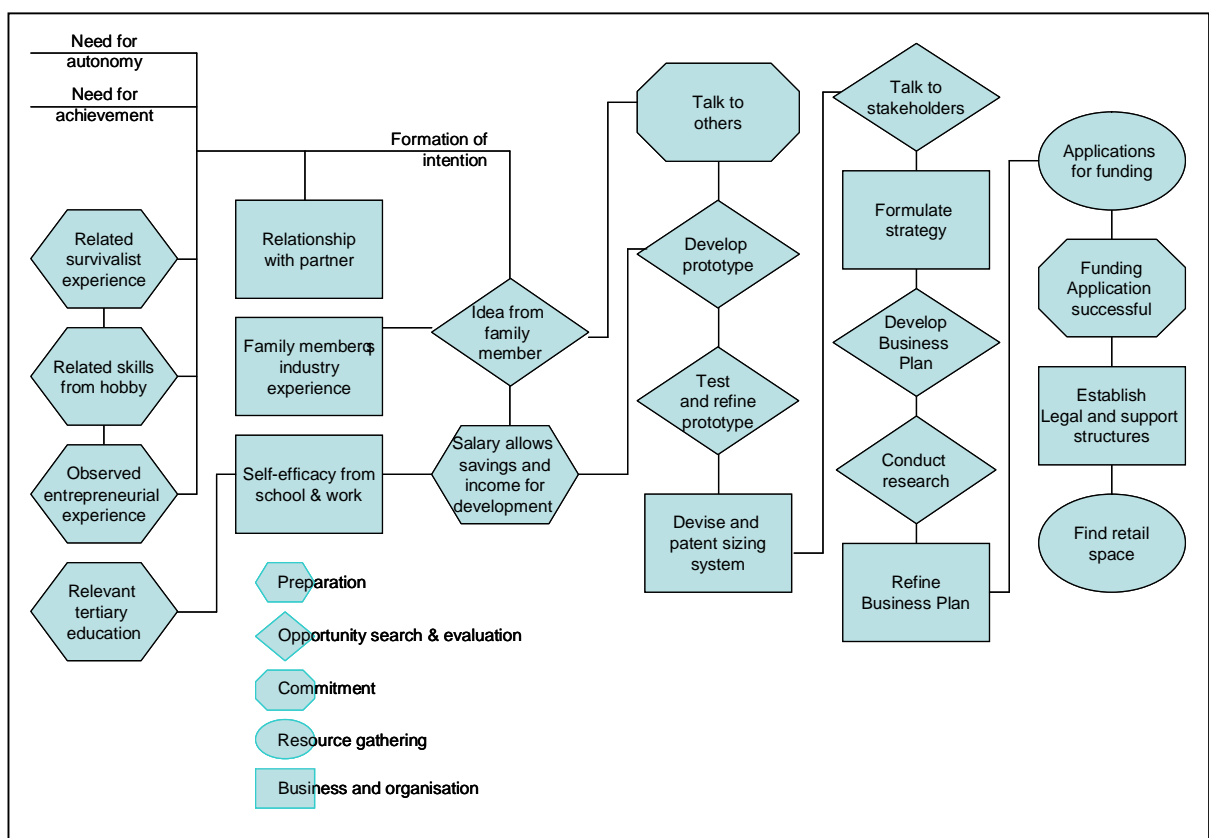


Figure 6. Andile's Venture Creation Process Map

However, the venture creation process in this case deviates from the norm in a number of significant ways. Firstly, the business has been in development for more than five years, which contrasts to the popular myth of the rapid three-month start-up event, and even exceeds the estimated 12 months an entrepreneur takes to initiate a business in North America (Shane, 2008). Secondly, although the subject has been working on the business for almost a

quarter of his life, he does not perceive start-up to have taken place until the business is launched and trading begins. Thirdly, the legal infrastructure for the business was established only after the funding application was successful, rather than in the earliest stages of the process (Gatewood *et al*, 1995).

Although the relatively lengthy venture creation process could be attributed to the entrepreneurs' limited ability to accumulate the right resources, it is also clear that the speed of the process was deliberately matched to the pace at which the partners could learn about business generally and the technical features of their industry specifically. Until relatively recently, Andile has not considered himself ready for entrepreneurship, which suggests that the process of developing the business might also be viewed as a process of personal preparation (Cope, 2005).

This case highlights that time is an important resource for the entrepreneur during new venture creation (Bluedorn and Martin, 2008). In addition to pacing development as described above, the partners worry that the opportunity time window will be closed before they have the chance to launch. Time also impacts on resources (Brush, 2001), in that Andile and Thabo may require further funding if they have failed to correctly estimate either time it will take to achieve break-even or the cost of properly communicating product benefits relative to much larger competitors.

#### **13.4. Business model and strategy evaluation**

Although the AfroBlue strategy may be regarded as having been formally planned and in the process of being implemented (Mintzberg, 1991), adjustments to the business model have been made as Andile and Thabo learned more about their market, product and competitor landscape. For example, the outsourced manufacturing model has evolved over time, as has the distribution model, shifting from being an arm's-length supplier for established retail outlets to establishing and running their own retail outlets. However, Andile strongly believes in the value of planning as a means of preparing for future occurrences and thus managing risk (Gruber, 2007).

The AfroBlue business model is described in table 12 in terms of the six components of Chesbrough and Rosenbloom's (2002) business model framework:

**Table 12. Business model and strategy**

<b>Value proposition</b>	Jeans that fit women with small waists and larger hip sizes so well they could be custom designed. A real African product for real African women.
<b>Market segment</b>	Young black females aged 16 to 34 in LSM 8-10.
<b>Structure of value chain</b>	<ul style="list-style-type: none"> <li>• Denim fabric is imported from China, manufactured locally to the design specifications of the marketer, both local and international.</li> <li>• Sold in retail department store chains, independent boutiques or own-brand retail outlets.</li> </ul>
<b>Position in value network</b>	Design, market and retail denim jeans . fabric sourcing and manufacturing is outsourced.
<b>Competitive strategy</b>	<ul style="list-style-type: none"> <li>• First to market with a patented sizing system that works like a bra-sizing system, ie for every waist size, five hip sizes are offered.</li> <li>• Use of non-traditional marketing media and low-cost promotional campaigns to access the target market. Will capitalise on below-the-line interest in South African innovation.</li> </ul>
<b>Costs and profit potential</b>	Margins are typically 50% to 100% on manufactured costs, but advertising and promotional spend is high, with price depending on brand positioning.

The AfroBlue strategy could be described as a global niche strategy (Park and Bae, 2004), as they are pioneers entering a global market which is in a growth phase of development.

The strategy is consonant with the needs of customers (Rumelt, 1991) because it fills the market need for clothes that fit the so-called African body. The product innovation represents a significant competitive advantage (Rumelt, 1991), but this is not likely to be a long-term advantage, as large global competitors are likely to find a way to copy the idea, even though AfroBlue's design is patented.

The goals are mutually consistent (Rumelt, 1991), but may be somewhat ambitious, especially in light of the competitive intensity of the jeans market and the relative lack of marketing resources available to AfroBlue. This suggests that while the strategy is feasible (Rumelt, 1991) within the context of available resources, the business is likely to rapidly outgrow these following its launch (Brush, 2001).

### 13.5. Support required

Andile has required extensive support while developing the business, and is likely to continue to require support as the business is launched and becomes sustainable (Audia and Rider, 2005). This is partly a result of his relative youth and lack of business expertise, but also his lack of knowledge and experience of the industry in which he intends to operate. Given that he was aware of the entrepreneurial direction he intended to pursue, he might have deliberately set out to seek employment in the fashion and/or retail industry (Shane, 2008). Instead, he has taken the view that AfroBlue is a marketing business, and that marketing skills are what he will require.

Andile and Thabo have sought institutional support for business development, but have been disappointed by the quality of the response received, complaining of consultants and bankers who did not understand their business (World Bank, 2007). Instead, the partners have funded much of the cost of new venture creation from their own earnings, and have, with the help of family members, sought to create an advice and information-based network to support the business (Aldrich and Cliff, 2003).

### 13.6. Meaning making

Andile makes sense of his entrepreneurial experience primarily by referring to the challenge it represents. The degree of challenge is what keeps him from boredom and fuels his commitment to the development of the business.

*I don't think that running your own business can ever get boring, until you get to be a very big company. And I think that has do with that whole entrepreneurial attitude. Basically people who start their own businesses ... you have that little bit of risk taker in you and that little bit of the need for the excitement of the challenge. (2D YBMS 8:270)*

*It's a personal thing, it's a personal challenge. It's a challenge to myself. I don't accept average. When I'm sitting at 70 or 80 on my deathbed, I want to know that I've done something kind of special. (1D YBMS 9:332)*

Andile's description of the challenge is reminiscent of one of Gameau's (2001) 14 forms of fun. This is termed intellectual problem-solving whereby the individual gains pleasure and personal satisfaction from finding solutions to problematic

situations. The challenge is a game, a metaphor Andile often uses to describe the experience of new venture creation.

*I found it to be most of the time that it's like a game. For example when an entrepreneur really does succeed, a lot of them step out of their businesses, and that has to do purely with the fact that he started his business wanting success, but a lot of them weren't looking to build a corporation. (1D YBME 8:278)*

*I know business is serious but I think a lot of people take it too seriously, to their own detriment. I'm probably not wording it correctly but I think with business we see that we will be in it as long as it's fun. (1A YBME 17:546)*

The game metaphor highlights the competitive dimension of entrepreneurship, especially in the context of Andile's own need to achieve (Johnson, 1990). The use of this game implies that entrepreneurship could be considered an activity that requires both skill and luck, but occurs within a well-defined structure that can be learned (Cope, 2005). The game metaphor suggests that while there are both winners and losers in entrepreneurship, and the outcomes are not easily predictable, the consequences of failure are not serious.

Through his use of the game metaphor, Andile therefore expresses his interest in and the pleasure he derives from the entrepreneurial experience while trivialising the consequence of failure. The use of this metaphor provides some insight into how the entrepreneur might conceptualise risk-taking. Not only does he enjoy the experience, and optimistically believe the chances of failure are small (Palich and Bagby, 1995), he also rationalises that the consequences of failure are minor.

### **13.7. Levels of analysis**

In this case, the relationships between different levels of analysis are loose, possibly because the influence of a partner dilutes the relationships or possibly because the business has yet to launch and therefore they have yet to be made manifest.

#### ***Personal – social***

Andile's acknowledged difficulty with relationships does not extend to the strong, long-standing relationship with his partner, Thabo. Both partners have also been remarkably successful at attracting support and assistance from a broader

network, whenever it has been useful (Anderson and Miller, 2003). It is possible that difficulties with arm's-length relationships will be highlighted once Andile faces the complexities of dealing with customers, suppliers, employees and other stakeholders.

### ***Personal – business***

Andile and Thabo have elected to pursue an opportunity aimed at a target market they understand intuitively . their own age group. This has been particularly useful in the process of product development because it has allowed easy access to a continuous stream of informal market research from potential customers. Over time, this intuitive understanding is likely to weaken and might need to be replaced by more formal research and analysis.

### ***Personal – environment***

The partners' high levels of confidence and personal financial security, together with their entrepreneurial naivety, make it difficult for them to imagine what could go wrong with the business in future (Janney and Dess, 2006). Despite the extensive planning that has taken place over the five years of development, and the partners' belief in the value of planning as a risk-management tool, little contingency planning has taken place, with the result that problems . like difficulty in accessing retail space . were not anticipated.

## **13.8. Respondent differences**

Respondents were consistent in their descriptions of the source of Andile's motivation, in acknowledging his intellectual strength, good communication skills and in describing his introverted nature. Andile's strong commitment to the business and his ability to persist over time is also broadly acknowledged.

During the interviews, some interesting differences and similarities between respondents emerged, as illustrated in Table 13.



**Table 13. Similarities and differences between respondents**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
Motivation	Desire to achieve, create			
Thinking	Intelligent	Analytical	Logical	
Emotion		Rational, not good with emotion		
Communication	Open, clear, at ease			
Relationships	Somewhat introverted	Have to work at relationships	Social poor Business good	Friendly but not a party person
Strength	Commitment to the business			Perseverance
Weakness		Impatient	Arrogant, stubborn	

Andile's difficulties with relationships were revealed through the complementary perspectives of self, family member and business colleague, highlighting that he is comfortable with those closest to him but must deliberately make an effort to establish good relationships with others, especially in the social sphere.

A contradictory note was the description by Thabo of Andile's arrogance and stubbornness, which arguably represent the dark side (Kets de Vries, 1985) of determination and commitment, but perhaps help to explain his unshakeable belief that the business will succeed.

### 13.9. Implications of this analysis

Andile's case illustrates how early exposure to entrepreneurial experience, however minor (as with the partner's teenage hobby business) and unsuccessful (as with Andile's father's business), has a powerful influence on later motivation to embark on new venture creation. His school experiences stimulated a need for autonomy and a high need for achievement, entrepreneurial characteristics that are well documented in the literature (Johnson, 1990; Carter *et al*, 2003).

Andile's approach to his career highlights the utility of work to the nascent entrepreneur, who views employment not as a substitute for entrepreneurship but as a means to the end goal of new venture creation. Employment experience provides knowledge, skills and relationships, as well as funding for the

development of the new business, but does not fully meet the entrepreneur's need for autonomy and achievement.

While new venture creation in this case generally conforms to models of the process presented in the literature, it suggests that a new venture may take many years to develop (Liao *et al*, 2005), especially where the product is particularly novel, resources are scarce and the entrepreneur lacks the necessary expertise, as is often the case in a developing country. The partners in the case readily acknowledge that their youth and relative inexperience may put them at a disadvantage in new venture creation, and have deliberately set out to minimise the impact of this weakness by constructing a relevant network of relationships and by careful analysis and planning.

Andile has been able to maintain commitment to the development of the business partly because he finds the opportunity so compelling, partly because he enjoys the continuous problem-solving inherent in new venture creation and partly because the perceived personal risk is relatively low. This is vividly illustrated by Andile's use of the game metaphor to describe the new venture creation experience.



## CHAPTER 14. CASE ANALYSIS: BYRON

Byron is a 37-year-old black male with both an undergraduate electrical engineering degree and a master's degree in industrial engineering. Byron and his wife Cynthia started CallServ three years ago to sell American paging technology to fast-food and restaurant businesses.

Byron is well-spoken and has an imposing physical presence. Respondents described him as intellectually sophisticated and able to strike a useful balance between analysis and intuition as a basis for decision-making. Byron could best be described as a *real manager* in terms of Miner's (2000) entrepreneurial personality types. Although at the time of the study CallServ was struggling to survive, Byron remains deeply committed to ensuring its long-term success.

Interviews with respondents in this case were somewhat emotionally charged and the two business partners sometimes found it difficult to discuss their experiences with equanimity.

This case analysis is based on transcripts from the interviews contained in Appendix G, coded as per Appendix I to this report and summarised in Chapter 6.

### 14.1. Early influences

Byron's childhood, school and university years were relatively carefree, but he believes they had an important influence on his entrepreneurial development, as illustrated in Figure 7.

Byron seems to have benefited from a childhood in which entrepreneurship was widely acknowledged to be a desirable and feasible occupation (Krueger *et al*, 2000). His father's success as an entrepreneur stimulated Byron's interest in new venture creation and provided the basis for early experiments with entrepreneurship and subsequent high levels of entrepreneurial self-efficacy (Chen *et al*, 1998).

The extent to which Byron's business is currently embedded in his nuclear family may also be rooted in his childhood experience of parents whose businesses were fully integrated into family life (Jennings and MacDougald, 2007).

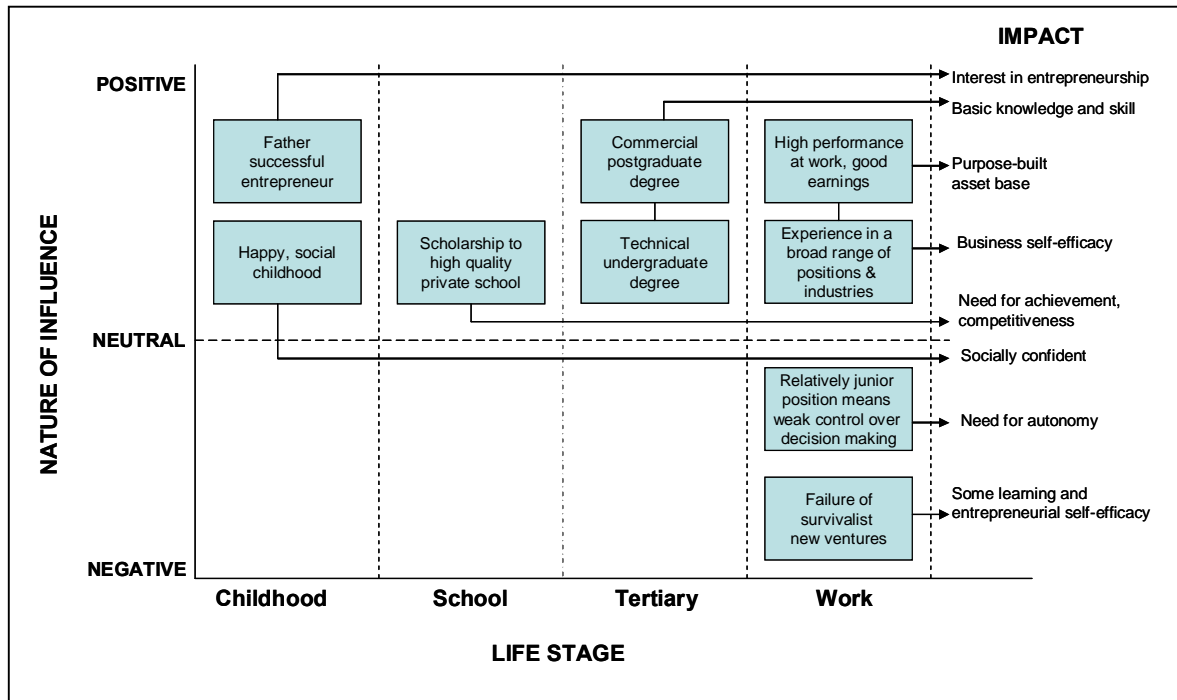


Figure 7. Early influences on the entrepreneur

Byron's early education provided the motivation to compete and succeed against the best, illustrating that education delivers more than just knowledge and skill to the aspiring entrepreneur (Acs *et al*, 2004). This need to achieve was combined with a need for autonomy, possibly inspired by his father's success. A useful set of university-based knowledge and skills gave him the means to embark on a high-paying career, which in turn enabled the development of an asset base that could be leveraged during new venture creation.

Byron's career has been as diverse as it has been successful, which further developed his self-confidence and a variety of business skills. Byron was clearly dissatisfied with the status of employee as his frequent and rather radical changes of career path attest (Harvey and Evans, 1995).

Throughout his time as a corporate employee, Byron maintained his interest in entrepreneurship by embarking on a number of small business initiatives, run in

parallel with his formal career. The relative lack of success of his previous forays seems to have left his enthusiasm for entrepreneurship undimmed.

#### **14.2. Social capital**

Byron's business is firmly embedded in his family infrastructure (Aldrich and Cliff, 2003). His wife Cynthia, as his partner in the business, is deeply involved in day-to-day operations, and there is some suggestion that extended family members also provide support. There is also evidence that Byron is an excellent team player and leader in the corporate context, being particularly good at offsetting his weaknesses with the strengths of other members of the team. This seems to indicate that Byron is well-versed in the management of strong-tie relationships (Anderson and Miller, 2003).

Byron's effectiveness in weak-tie relationships is less clear. While he claims to actively search out useful contacts, and has been successful at gaining access to some unfamiliar corporate client organisations, for example, he is apparently not disciplined at maintaining these relationships. Since weak-tie relationships are thought to be most valuable in the resource-gathering process, especially that relating to information gathering (Anderson and Miller, 2003), this may be one reason why Byron initially misread industry conditions.

#### **14.3. New venture-creation process**

After only a few years in employment, Byron was already beginning to prepare for new venture creation by accumulating financial resources and developing the skills he thought would be useful in the entrepreneurial context (Harvey and Evans, 1995).

He had experimented with several different opportunities, apparently without really achieving sustainability, establishing a pattern of opportunity identification akin to that termed externally stimulated (Bhave, 1994). Byron's somewhat impulsive approach to opportunity identification is predicated on his finding and falling for a particular product. Once this occurs, he tends to assume others will be similarly enamoured, and proceeds without much additional research or

evaluation, thus displaying a series of cognitive biases which are demonstrably characteristic of entrepreneurs (Gaglio, 2004).

Byron now claims to have learned his lesson and latterly undertakes much more research and analysis when considering new opportunities, although this would appear not to be a wholly rational and linear process (Krueger, 2000). Byron believes that, as a consequence of his entrepreneurial experience, he has learned to become more alert to sound opportunities, and expects this will serve him well in future venture-creation endeavours (Shepherd and DeTienne, 2005). The start-up process is illustrated in Figure 8.

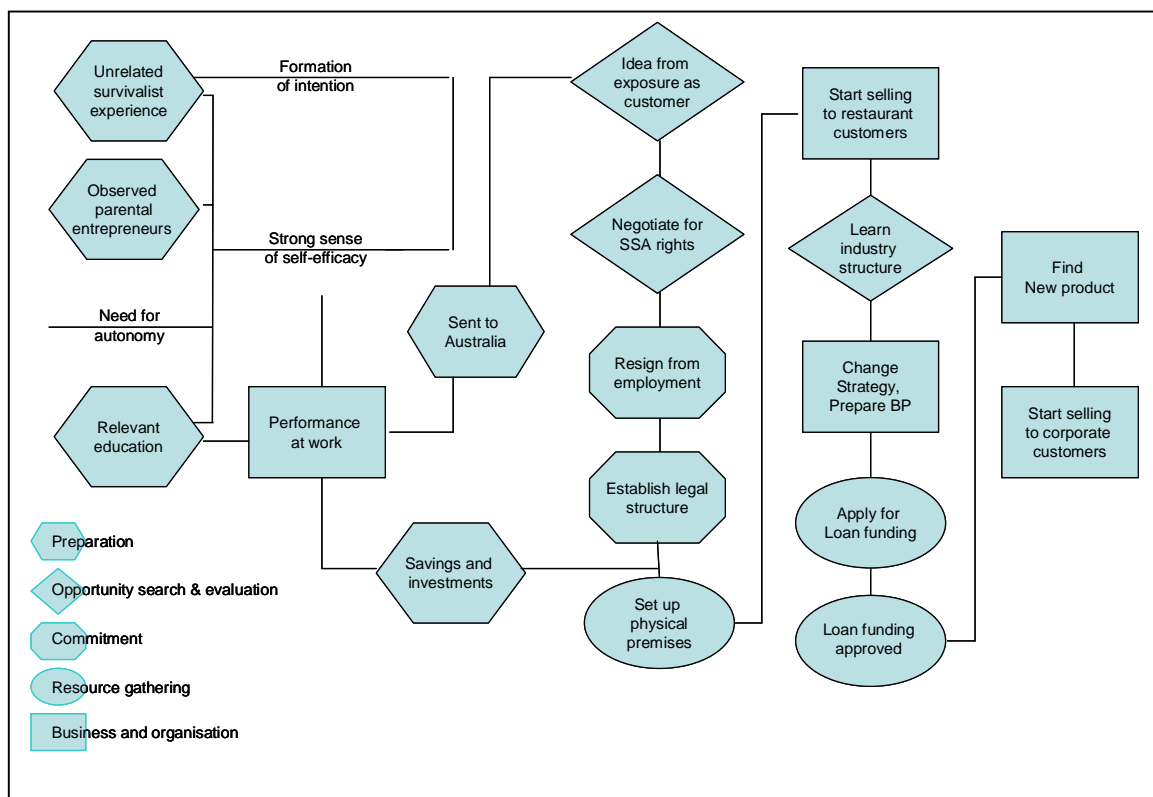


Figure 8. Byron's new venture creation map

In this case, start-up occurred rapidly; within three months of Byron first seeing the CallServ pager in Australia, he was attempting to sell product to customers in South Africa. This process diverges from orthodox models of new venture creation because there was initially little evaluation and planning involved in the set-up (Ardichvili *et al*, 2003), and commitment occurred relatively quickly. Byron's intention was to make and then replicate the first sale, and this activity was the main source of learning in the process (Bhave, 1994). Only after this approach had failed, did Byron rethink the strategy and devise a business plan to

access funding. As a result, resource gathering occurs relatively late in the new venture process (Brush, 2001).

In contrast, Byron has made careful attempts to manage risk in a more generic sense, highlighting that developing-country entrepreneurs are more personally risk tolerant (Morris and Zahra, 2000). At start-up, he believed that by partnering with Cynthia, he was reducing the risks posed by his own lack of experience and by a potential lack of commitment from an unsupportive spouse. Later, he used a change in strategy to manage the risk posed by an indifferent market and an underperforming product.

#### 14.4. Business model and strategy evaluation

The CallServ business model has changed since the business was established. Both the original and adapted model are described in Table 14 in terms of the six components of Chesbrough and Rosenbloom's (2002) business model framework:

**Table 14. CallServ business model and strategy**

<b>Value proposition</b>	<ul style="list-style-type: none"> <li>• For pagers, a discreet, immediate means of notifying personnel that a customer requires service.</li> <li>• For Askmonitor, a flexible, permanent means of capturing and analysing data about customer satisfaction.</li> </ul>
<b>Market segment</b>	<ul style="list-style-type: none"> <li>• Initially, restaurants and casinos for pagers. Now extended to hospitals and retail outlets.</li> <li>• For AskMonitor, any customer service point, including for example banks, retailers, hotels, hospitals and exhibitors at trade shows.</li> </ul>
<b>Structure of value chain</b>	<ul style="list-style-type: none"> <li>• Service providers can improve waiting times and perceived quality of service by improving the efficiency of communication between consumer and personnel. CallServ is a paging system which consumers can trigger to call attention to their requirements.</li> <li>• Service providers can improve their day-to-day effectiveness if they accurately and continually measure customer reactions to service using a terminal that collects and analyses data for virtual real-time feedback.</li> </ul>
<b>Position in value network</b>	<ul style="list-style-type: none"> <li>• Supply and maintenance of equipment, licensor providing software and support.</li> <li>• Initially, the model was to sell the equipment, now there is a rental/licensing arrangement.</li> </ul>
<b>Competitive strategy</b>	<ul style="list-style-type: none"> <li>• Competitors not visible</li> <li>• First-mover advantage in South Africa for pagers, superior technology for AskMonitor.</li> </ul>
<b>Costs and profit potential</b>	Margins high, in excess of 200%, especially under annuity model.

The business model and strategy evolved over time, initially emerging from the business activity and later being designed and implemented in advance. This highlights the adaptability of entrepreneurial strategy (Mintzberg, 1991). Although it is characteristic of entrepreneurial strategy-making (Gruber, 2007) and may ultimately mean more effective implementation, this trial-and-error approach is arguably more time-consuming and expensive, which may be inappropriate when resources are constrained.

The current strategy may be termed *creative imitation* (Park and Bae, 2004), as CallServ is a local pioneer in a local emerging market. The strategy is consistent as a more holistic solution is being offered to a clearly defined target market (Rumelt, 1991). It is consonant with external conditions (Rumelt, 1991), although it meets customer needs that are implicit rather than explicit and therefore requires a great deal of upfront marketing effort. The strategy is only partly feasible (Rumelt, 1991), because resources are constrained and decision cycles in corporates are long, and competitive edge depends on first-mover advantage (Rumelt, 1991).

At the time of the study, the new strategy had been fully implemented, but had yet to bear fruit in terms of sales. Nevertheless, Byron remains committed to the business and unwilling to concede that either the strategy or its execution might be at fault. This is a good illustration of *threshold theory* the phenomenon that causes firms to persist even where there is no growth (Gimeno *et al*, 1997).

#### **14.5. Support required**

Prior to embarking on entrepreneurship, Byron structured his business life to ensure that support for his entrepreneurial efforts would be maximised (Audia and Rider, 2005).

Firstly, Byron ensured that he owned several properties which could be used as collateral for business finance and a pool of savings that could be used to fund start-up (Sleuwagen and Goedhuys, 1998). This strategy functioned effectively for several years before he sought external funding. However, apart from the strategic miscalculations that resulted in lower revenues, it would appear that he did not foresee that the business would be unable to support his domestic

lifestyle. As a result, both business and family are suffering under severe financial constraints.

Secondly, by including his wife in the business, Byron has created a mechanism for ensuring that he receives continuous support and encouragement from his family (Audia and Rider, 2005). Despite this, Byron has found the lack of social support from friends and family rather alienating, thus demonstrating how social values influence the desirability and feasibility of venture creation (Krueger *et al*, 2000).

#### 14.6. Meaning making

At present, given the virtual failure of his hopes for CallServ, Byron appears to be finding it difficult to make meaning from his entrepreneurial experience (Hill, 1995). Byron and Cynthia make several references to his faith in this regard, virtually equating his religion and spiritual destiny with his belief in himself, the CallServ product and the eventual success of the business.

*I am a Christian, as a Christian on the other side, I believe in a thing called faith so ... which is more like, you know, if I look you in the eye and say this thing is going to work and I strongly believe that it is going to work and I have faith in that this thing will work, it will work and my gut has told me that it will work and I ... my faith, I am saying this thing works and it works. (3D MBMS 15:526)*

*As an entrepreneur you need that insanity, it is necessary to proceed, because no one actually believes in what you believe and it is more about faith now to me, it is faith. You need some power that says go on, go on it will work, you know, your time will come, you know. (3D MBMS 15:543)*

Given that the entrepreneur in this case is struggling to survive as a result of unexpected environmental conditions over which he has little or no control, the references to faith and hope imply he feels helpless to influence the outcome of his entrepreneurial effort. This contrasts sharply with the accepted notion of an entrepreneur with a high need for achievement (Shane *et al*, 2003) as someone with a desire to take personal responsibility for finding solutions to problems, but is consistent with the notion that entrepreneurs tend to attribute negative outcomes to external causes (Baron, 1998).

Byron and the other respondents in the case also refer to the entrepreneurial experience as an instrument of personal change. This metaphor compares and contrasts the pre-entrepreneurial and post-entrepreneurial, highlighting the learning and development that takes place throughout new venture creation (Cope, 2005). The metaphor describes a transition process that is neither easy nor comfortable, but the end state is nevertheless desirable.

*I think it is very important because it guides you. I think to me it is important I mean I have read a number of great people in the Bible, I have read about Paul when he was Saul, and how he became Paul, the change that he went through and the adversities that he went through to become Paul. (3D MBMS 16:551)*

*He is really a corporate person, if you know what I am saying. That is how he has been brought up, schooled and that is how I think he is marketing himself, over a long time. That has had to change and I am sure it is not the only change that he has had to deal with. (3B MBMS 5:162)*

*I think when we started and what happened, I think it's not the same. When you start as an entrepreneur and what you hear about an entrepreneur you don't realise it until you are in it yourself, that it is emotionally draining, you are financially affected, physically it affects you. (3C MBMS 16:531)*

By using these references to personal change, respondents also highlight the uncertainty and risk of entrepreneurship and need for both personal and business flexibility (Gifford, 2005). Moreover, by conceptualising venture creation as personal transformation, the entrepreneur rationalises that the experience is significant, whether or not the business is successful.

#### **14.7. Levels of analysis**

The relationships between different levels of analysis are not consistent in this case. There is a strong relationship between Byron's personal characteristics and his social interactions and view of the environment. However, there is only a weak relationship between Byron's personal characteristics and the nature of the business.

##### ***Personal – social***

Byron appears to have a strong need for a partner/team who can complement his cognitive and emotional capabilities . a role that has been ably filled by Cynthia. However, there is some evidence that the benefits of the partnership are being eroded by their difficulty in separating the needs of business and family, from a



financial and an emotional point of view. This situation is made worse by the close personal relationship between Byron and Cynthia, as each is seeking to protect the other from the possible consequences of admitting defeat.

### ***Personal – business***

There is little evidence that Byron has projected his personal characteristics onto the business. This may be because the source of the business idea is external to the founder himself, and has only a weak relationship to his stock of knowledge and skill (Politis, 2005). It may also be that the business has yet to grow to a size where Byron's blueprints of organisation effectiveness can be operationalised (Baron and Hannon, 2002).

Of particular significance is the way in which Byron has dealt with the failure of CallServ to meet his objectives and expectations. Some theorists argue that such a failure represents a personal loss (Shepherd, 2003) with multidimensional consequences for the entrepreneur (Singh *et al*, 2007). If so, it would appear that Byron is still in denial, and has yet to begin grieving (Shepherd, 2003).

### ***Personal – environment***

Based on his previous entrepreneurial experiences, Byron exhibits a tendency towards ignoring characteristics of the industry and operating environment which are fundamental to effective new venture creation. This environmental blindness may be the result of inadequate research and opportunity evaluation or simply the consequence of his over-confidence or other cognitive bias (Simon and Houghton, 2000).

## **14.8. Respondent similarities and differences**

Respondents were consistent in their descriptions of Byron's motivation and strengths in communication and establishing relationships. Most notable is the universal appreciation of his commitment to the business and his determination to succeed in the face of a long series of significant challenges (Ma and Tan, 2006).

Complementary perspectives highlighted Byron's cognitive range, which incorporates both rational and intuitive dimensions (Mitchell *et al*, 2005). Respondents also provided insight into Byron's fondness for working in teams. Although he displays a tendency to withdraw emotionally and obsess over details

when he is under pressure, Byron is sufficiently self-aware to seek out work environments in which other members of a team can dilute these characteristics.

The similarities and differences between respondent descriptions of Byron are illustrated in Table 15.

**Table 15. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
<b>Motivation</b>	Build something of his own, create something			
<b>Thinking</b>		Flexible, intuitive	Rational, analytical, careful	Somewhat impulsive
<b>Emotion</b>		Uses other members of the team to manage	Does not display emotion	Withdraws under pressure
<b>Communication</b>	Clear, relaxed			
<b>Relationships</b>	Warm, friendly	Not good at maintaining	Good team player	Comfortable at every level
<b>Strength</b>	Commitment, determination	Good at identifying opportunities	Good at detail, hard-working	
<b>Weakness</b>		Administratively disorganised		

Respondents were generally reluctant to highlight any of Byron's weaknesses, apart from his own admission that he is administratively disorganised, which would be considered a key weakness by entrepreneurial scholars (Chrisman *et al*, 1998). This apparent contradiction can be explained by respondent beliefs that this characteristic is unimportant to the effective establishment of new ventures, or possibly by the implicit reluctance to criticise an individual who is clearly in the middle of a crisis.

#### **14.9. Implications of this analysis**

This case demonstrates the strong influence of parental entrepreneurship on an individual intention to create a new venture. Byron saw his career as a means to an entrepreneurial end, rather than the reverse, which is suggested by some scholars (Harvey and Evans, 1995). However, his decision to embark on new

venture creation at the time he did was remarkable in light of the relatively bright corporate future that lay immediately ahead of him.

This suggests the nascent entrepreneur may not be motivated to exit employment because of dissatisfaction with a particular employment position or organisation, but rather with employment generally (Shapiro and Sokol, 1982).

Byron's attempt to manage risk and create a support structure for himself through his business partnership with Cynthia highlights the extent to which, in the absence of adequate institutional support, the developing-country entrepreneur must create a favourable operating environment for himself. Establishing a partnership at start-up is one mechanism for achieving this. In Byron's case, potential conflicts in the work-family interface are perceived to be far outweighed by the benefits of the partnership (Jack and Anderson, 2002).

By examining an entrepreneur whose business is struggling, the case illustrates the emotional intensity of the new venture-creation experience, especially in times of difficulty. This influences the entrepreneur's thinking, his ability to learn from the experience and his willingness to persist in the face of weakening support from family and friends.

## CHAPTER 15. CASE ANALYSIS: HANS

Hans, a 37-year-old white male, is a self-taught agriculturalist who started Orgoli four years ago to grow, extract and market essential oils. Hans also sells the machine he designed and built to extract the oils. In addition, Hans and his partner, Sunny, have developed a range of toiletries that use the oils as a key ingredient and sell these through a network of independent sales agents to the township market.

Hans evidently has high energy, is enthusiastic and good-humoured. His high need for control is evident in all aspects of the business, as is his creativity, suggesting that he could be classified as an expert idea generator in terms of Minerç (2000) entrepreneurial personality types. In addition, respondents describe him as tough, determined and thoughtful, qualities he has sorely needed in each of the four times he has embarked on new venture creation. His enjoyment of the entrepreneurial process is centred on the creative satisfaction he gains from developing something new.

The interviews with this subject were long and rambling, given Hansçfondness for conversation, but were often enlightening as he frequently reflects on his own motivation, behaviour and experiences as an entrepreneur.

This case analysis is based on transcripts from the interviews contained in Appendix G and coded as per Appendix I and summarised in Chapter 7.

### 15.1. Influences on the entrepreneurial experience

As illustrated in figure 9, the events respondents describe as having influenced Hans were considered positive in nature and contributing to the development of his skills and self-confidence. Even the more negative events were apparently transformed into positive consequences for Hansçentrepreneurial capabilities, reflecting his own optimism and willingness to learn.

Key events prior to the creation of the current venture, and their impact on the entrepreneur are summarised in Figure 9.

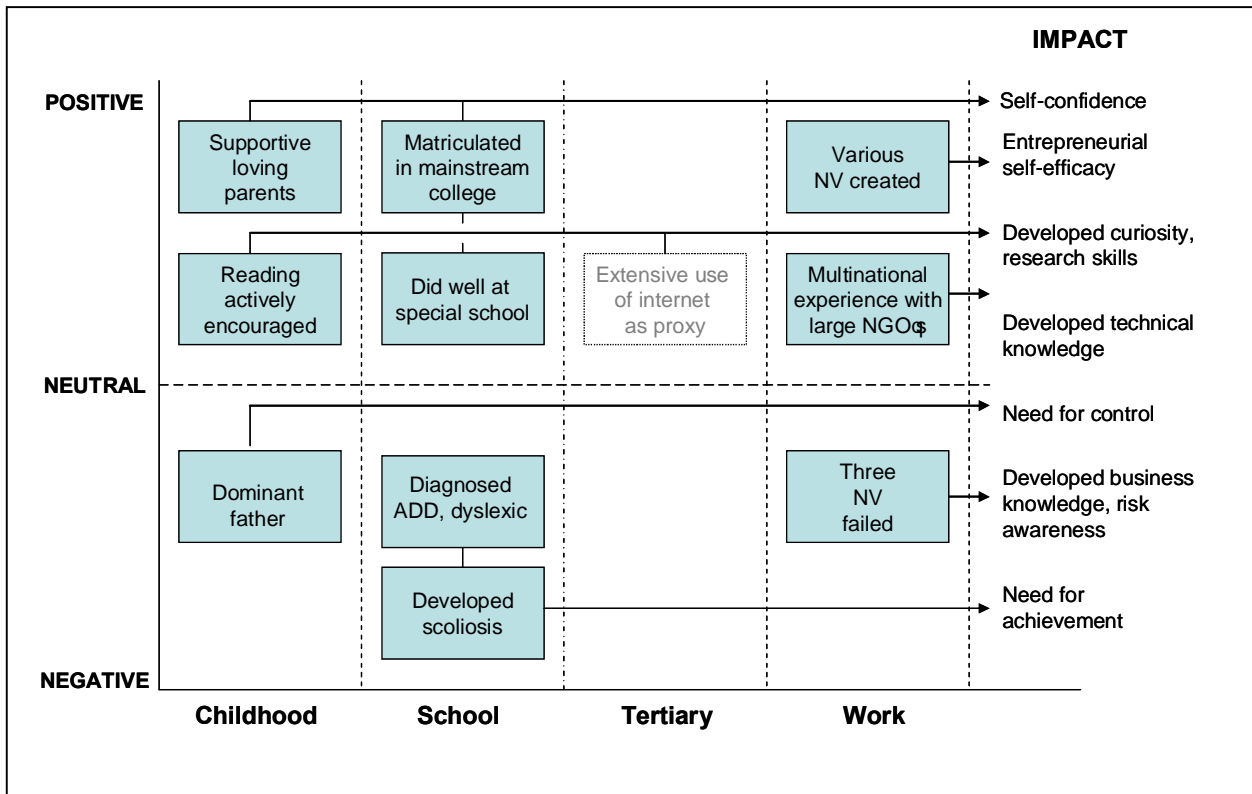


Figure 9. Early influences on the entrepreneur

Although his three previous ventures had failed, Hans considered this experience as more significant an influence on his current entrepreneurial behaviour than his childhood, education or other work experience. This case therefore highlights the importance of early exposure to any entrepreneurial experience, whether or not the entrepreneur is successful (Macmillan *et al*, 1985; Cope, 2005). This also reinforces the notion that the entrepreneur learns valuable lessons from failure (Shepherd, 2003).

Hansq childhood was relatively happy, although there is a suggestion that a dominant father and his own learning and health problems created a strong need for control (Kets de Vries, 1996), which Hans finds it difficult to acknowledge. This need for control is currently more than adequately fulfilled by the entrepreneurial experience, although it is questionable whether this will continue to be the case in a much larger business, which would require delegating a greater degree of personal responsibility.

A supportive family was careful to nurture Hansqself-confidence, and his ability to rise above early difficulties appears to have reinforced his self-esteem while

creating a strong need for achievement (Johnson, 1990). It is notable that the entrepreneurial process, rather than any output of the entrepreneurial process such as wealth or any other measure of success, is believed to fulfil this need (Crosa *et al*, 2003).

The family context seems to have encouraged Hans to develop useful reading and research skills which he frequently uses as a proxy for a lack of tertiary education. He claims his lack of formal education stands him in good stead in terms of being able to think laterally to solve everyday problems, which is in direct conflict with the available empirical evidence (Acs *et al*, 2004). There is no suggestion that entrepreneurship was considered a less favourable option than full employment (Honig, 1998).

Hans' limited work experience helped develop his technical skills and allowed him to build something of a resource base, although it appears he has relied fairly heavily on financial support from his parents (Shane, 2008). His prior entrepreneurial experience has helped develop his business and technical skills, as well as stimulating an acute awareness of the need to manage risk and contributing to his entrepreneurial self-efficacy (Boyd and Vozikis, 1994).

## **15.2. Social capital**

Hans displays many of the features of the extroverted personality, including enthusiasm, assertiveness and gregariousness (Swartz, de la Rey and Duncan, 2004). He is also strongly drawn to others and enjoys a wide circle of friends and acquaintances, although it is not clear to what extent, if any, these relationships are related to the business.

The structure of the Orgoli business model means Hans must maintain business relationships with farmers, who supply the raw material for essential oil production, and for whom the crop is of little significance. The relationships are therefore sensitive and difficult, and this has latterly been the motivation for Hans to embark on cultivation himself. This experience illustrates how the entrepreneur may suffer from the liability of newness in attracting the support of resource holders (Smith and Lohrke, 2008), but can use relationships to overcome the problem (Welter and Smallbone, 2006).

Orgoli is firmly embedded in Hansqfamily life. His business partner is also his domestic partner, his father works in the business, as did his mother until relatively recently. Hans tends to use segmentation of the work domain from the domestic domain as a mechanism for managing conflict in the business-family interface (Jennings and McDougald, 2007).

### 15.3. New venture creation process

Hansq original inspiration for entrepreneurship was apparently internally generated, although there is some evidence of attribution to heredity and to spiritual causes which is not entirely consistent with the literature on entrepreneurial motivation (Krueger and Brazeal, 1994).

The start-up event sequence is illustrated in Figure 10.

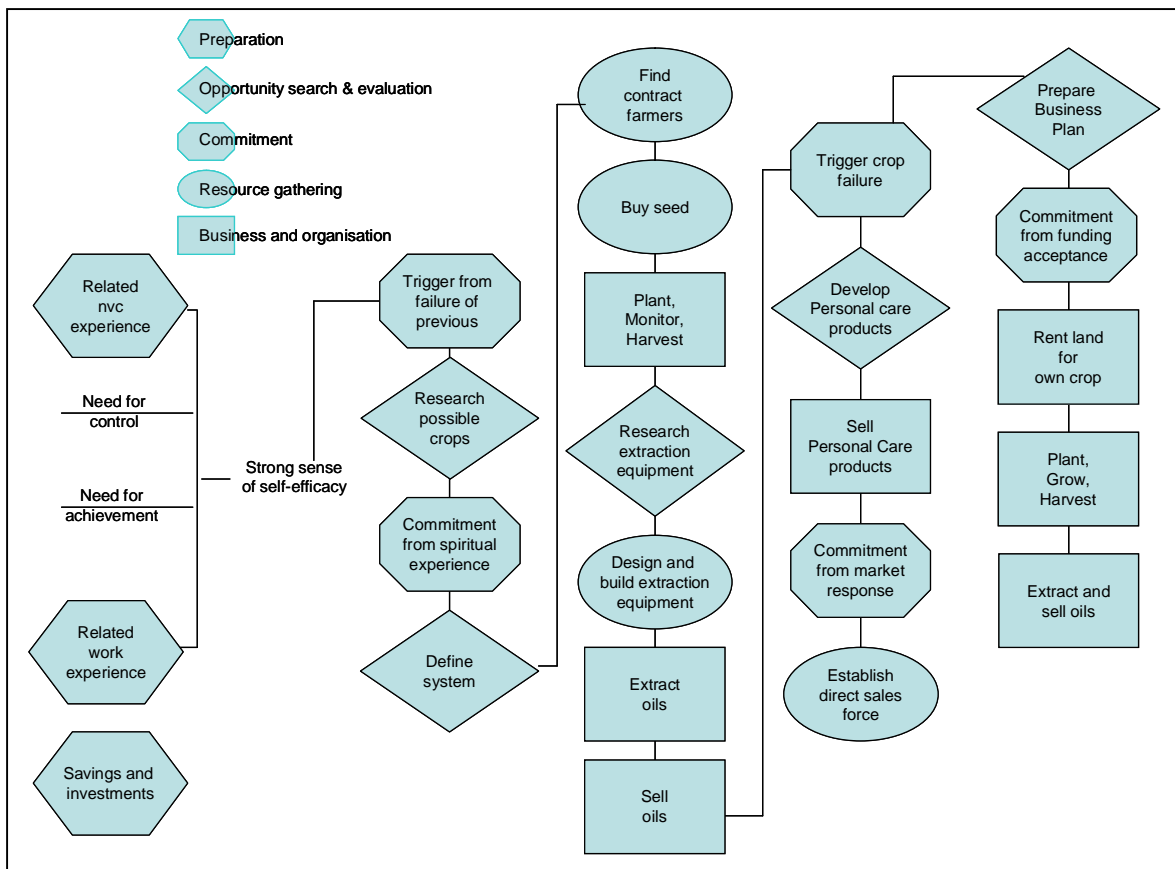


Figure 10. Hans' New Venture Creation Map

Hans has established a pattern of new venture creation both within the current business, Orgoli, and at least two of the three previous businesses. The trigger for new venture creation appears to have been rooted in either total failure or encountering significant problems with the previous business. Hans seems to have been able to learn effectively from these failures, without being unduly inhibited by regret (Shepherd, 2003).

It is clear that Hans's past experience, most of which was in agriculture, represents a knowledge corridor which makes him alert to particular kinds of opportunity (Cliff *et al*, 2006). A fairly extended period of primary and secondary research typically follows inspiration, with opportunity search and evaluation occurring simultaneously, rather than consecutively as implied in the literature (Shepherd and DeTienne, 2005).

A fierce sense of independence and some evidence of social alienation, together with earlier educational difficulties, contributed to a perception on Hans's part that few other viable opportunities were open to him other than self-employment. This is highlighted by the fact that the Hans only took up employment when he was in financial difficulty after the failure of the first business.

The job at the United Nations served as preparation for new venture creation because it provided the subject with exposure to technical agricultural expertise as well as allowing him to save enough, with the help of his parents, to purchase his own land on his return to South Africa (Crosa *et al*, 2003). However, the major preparation for creating the current venture was his experience with the previous three businesses. These ventures provided useful agricultural knowledge and skill, but also delivered entrepreneurial self-efficacy.

Hans tends to consider start-up as the point at which the new business is clearly defined, which is also when commitment rapidly emerges. Commitment to the new enterprise is attributed to various external sources, including spiritual experience in the selection of essential oils as a crop, market response in the case of the cosmetics business and access to funding in the case of the cultivation business. It is not always clear how long after commitment revenues began to be earned, but it would appear the start-up process has generally taken three to six months.



#### 15.4. Business model and strategy evaluation

The Orgoli strategy has evolved incrementally in response to problems encountered along the development path, rather than being designed at start-up and then implemented in a linear fashion (Mintzberg, 1991). Given that the business operates in a low dynamism environment, more in-depth planning might be useful (Gruber, 2007).

The Orgoli strategy could be described as an import substitution strategy in terms of Park and Baes (2004) typology of new venture strategies in a developing country

The business model for Orgoli is described in table 16 in terms of the Chesbrough and Rosenbloom (2002) business model framework:

**Table 16. Business model and strategy**

<b>Value proposition</b>	High-quality, high-value organic essential oils grown in diverse locations at low cost, extracted using a proprietary process and sold to a global export market
<b>Market segment</b>	Farmers Sales agents serving global fragrance and flavouring market Food and pharmaceutical businesses Consumers
<b>Structure of value chain</b>	Plants containing essential oils are grown by farmers and harvested. Oils are extracted from the plant matter, blended and sold via agents to large food and pharmaceutical businesses for flavouring and fragrance ingredients
<b>Position in value network</b>	Orgoli has constructed a stand-alone value network that grows and extracts essential oils, builds and sells extraction equipment and develops and sells a range of personal care products that use essential oils as a key ingredient
<b>Competitive strategy</b>	Reduced risk and higher margins through: control over the value network; use of contract growers; construction of proprietary extraction methodology; market knowledge of and sales access to township consumers of personal care products
<b>Costs and profit potential</b>	Seed sales: buy R2000 a hectare, sell R8000 Oil sales: R12 000 a hectare . but quality dependent Equipment sales Product sales: to make R6, to sell R16

In many respects, the current strategy of the business could be ascribed to Hans' desire to avoid the risks typically associated with agribusinesses. To avoid cultivation risk, he established a contract farming system. To avoid capital expenditure risk, he began to make and sell his own extraction equipment and to avoid commodity market risk, the subject has established a cosmetics business

which uses essential oils as a key ingredient. In this respect, Hans vividly demonstrates the developing-country entrepreneurs' portfolio approach to risk (Lingelbach *et al*, 2005).

In this sense, the goals of the strategy are mutually consistent (Rumelt, 1991), although the diverse nature of the businesses involved does risk overtaxing available resources (Rumelt, 1991), making the feasibility of the overall enterprise somewhat questionable. The extent to which the strategy is consonant with the external environment is unclear (Rumelt, 1991), although Hans envisages converting the business to organic status, which would be in line with global agricultural markets. Competitors are not generally a concern, although Orgoli may well represent a relative competitive advantage (Rumelt, 1991) because of its holistic nature.

#### **15.5. Support required**

Hans has constructed a network that fulfils a series of support needs. He has found continuous financial and emotional support for his entrepreneurial efforts from his parents. His partner delivers emotional support, a sounding board and a great deal of ego satisfaction (Audia and Rider, 2005).

Technical support is sought from experts or secondary data, but is mainly derived from the subject's own experimentation and improvisation, a preferred mode of operation which delivers significant creative satisfaction to the subject (Hmieleski and Corbett, 2007). Business support is again provided by the subject's parents, and there is some evidence to suggest that support for developing managerial skills will be required in the near future, possibly to be provided by Henry, Hans' mentor and advisor (Ozgen and Baron, 2007).

Hans is barely aware of available institutional support in South Africa and has only recently sought external funding for the business' development (World Bank, 2007), partly as a consequence of his own creativity and independence (Amabile, 1998).

## 15.6. Meaning making

Hans understands his entrepreneurial experience primarily through the medium of a play metaphor (Hill, 1995). He frequently describes new venture creation as fun and refers to his own enjoyment and pleasure in the process, as illustrated in the following examples:

*I think it's fun. I really enjoy what I – this is fun. Going out this morning and saying "look, how do we fix this up the best way. You say it's a week. How can we do it in under that". (4D MWME 2:66)*

*I'm still playing in the sandpit. (4D MWME 26:913)*

One dimension of this metaphor refers to the sensation of excitement Hans feels when faced with the uncertainty of a particular outcome (Douglas and Shepherd, 2002).

*I'd rather live on almost nothing – the thrill of like today we've got no money, right. Zip, all the bank accounts are empty but I know someone is going to pay. So it's the thrill of saying "is he going to pay so I can pay the wages by four". Whoops, and the sms comes through. (4D MWME 3:79)*

Experimentation is also strongly associated with fun and play as is a denial of the possibility of failure or any negative consequences to less-than-successful endeavour. This reinforces the notion that the entrepreneur has a particularly optimistic mindset (Arabsheibani *et al*, 2000). For Hans, there are also some elements of fantasy and make-believe associated with the play metaphor.

*You see, I love so many different things, right. I love the mechanics of the tractor but I love the intricacy of planning out – what do you call it – on Microsoft Project. I sit down and I'll do the whole thing. This guy has got to do that on that time, knowing full well in reality it'll never happen because I know farming, everything screws up. But it's so fun to do that. (4D MWME 4:111)*

His enjoyment of the entrepreneurial experience is holistic as he takes pleasure in the content of the business and in the process of building it as well as in the outputs it generates. This gives insight into the empirical finding that the prospect of personal wealth seldom acts as a stimulus for new venture creation (Crosa *et al*, 2003).

*Well everything is a best thing. Isn't it wonderful that we're able to produce those products, and isn't it wonderful that we're a part of something beautiful,*

*that we're able to – through the sense and the smells we make – enrich other people's lives? And I'm doing something I love; I love farming. And it's so nice to be able to come to a field and see the plants do their thing. (4D MWME 4:30)*

Finally, the play metaphor also carries with it strong elements of creativity, which is seen as both a productive and a pleasurable experience, in both the mundane and extraordinary contexts. This is suggestive of the extent to which the creative function is fully integrated into new venture creation (Amabile, 1998).

*It's the wonder of creating. And you know, the funny thing that I don't understand about myself, I'm happy if I have to clean the toilet, or I have to work on the spreadsheet for DBSA, or whether I have to design a new planter, or whether I have to drive to George. I'm happy doing all of those things. They're all a schlepp but I'm happy. (4D MWME 22:773)*

*I don't think it'll ever end. Isn't that part of it? We live in a one and many universe. Isn't that wonderful? It's just continuous creation. That's our duty in my opinion. It's this co-creation. We have to co-create, bring out new ideas the whole time. (4D MWME 22:757)*

The subject communicates his positive feelings about the entrepreneurial experience by extensive use of the metaphor, while apparently denying any feelings of fear and anxiety about uncertain outcomes. By connecting *creativity* to *fun* the subject finds a way to communicate that his pleasure has a purpose. He is productive, not merely self-indulgent. The use of the metaphor is also instructive in terms of the way in which the entrepreneur views himself (Dodd, 2002).

References to the notion of *co-creation* possibly unconsciously derived from his Lutheran upbringing, reinforce his defence against the unspoken accusation of self-indulgence and make reference to a socio-cultural convention in Calvinist South Africa. The rationale states that *it is acceptable for Hans to have fun, because he is creating, and it is not merely acceptable for Hans to create, it is his God-given duty to do so.*

The use of the *fun* metaphor highlights the pleasurable features of the entrepreneurial experience such as enjoyment, informality and stimulation, while hiding the less pleasant features of the entrepreneurial experience such as tedium, seriousness and difficulty.

## 15.7. Levels of analysis

There are strong links between levels of analysis in this case, to the extent that the subject may be seen as actively constructing his social, business and environmental contexts to suit his talents and temperament.

### ***Personal – social***

Although Hans is outgoing, people-oriented and friendly, little mention is made of his social network beyond the family context. In addition, while his business network is reportedly wide, there is some evidence of a weakness in his ability to consistently establish and maintain productive relationships with stakeholders.

### ***Personal – business***

This is also manifested in the way Hans manages human resources. Every process undertaken by an employee is minutely documented and progress against this programme is monitored closely and used as a basis for weekly and/or monthly remuneration. Hans's need for control is adequately fulfilled by this procedure, but it seems unlikely that this approach is sustainable in a much larger organisation.

### ***Personal – environment***

Hans's need for control, possibly rooted in childhood illness, could be exacerbated by the uncontrollable nature of the industry in which he operates. As a result, he continuously attempts to anticipate uncertainty and minimise risk, but nevertheless seems frequently surprised by the environment's relentless ability to overcome his defences.

## 15.8. Respondent differences

On the whole, respondents were consistent in their descriptions of the subject's communication style, suggesting that this represents a defining characteristic of this entrepreneur.

During the interviews, respondents added a number of different dimensions to the description of the entrepreneur, as illustrated in table 17:

**Table 17. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
Motivation	Make the business grow			Do something for others
Thinking	Creative Optimistic Consultative	Analytical Visualises solutions	Not always practical	Research-oriented, curious
Emotion	Caring, soft-hearted, open	Pretends to get angry	Gets angry with staff	Walks away from conflict
Communication	Talks too much Direct, honest			
Relationships	Good with people		Good with stakeholders	
Strength	Inventive, enthusiastic	Hands-on Process-driven		
Weakness		Ability to manage skilled staff		Administration

His mother's description of his philanthropic goals added a complementary dimension to an understanding of the subject's motivation for entrepreneurship as being creative rather than financial in nature. His partner's description of the subject's ease at managing relationships in the business context complemented the more generalised view of his warmth and friendliness with people in general.

Although it is widely acknowledged that the subject is innovative and creative, his own description of himself as hands-on and process-driven suggests that the subject has a high level of belief in himself as a practical problem-solver, not just an idea generator.

Contradictory descriptions of his cognitive and affective functioning suggest the subject may be inconsistent in this respect, possibly mirroring his earlier diagnosis of attention deficit disorder. In contrast to others' acknowledgement of the subject as having excellent relationship skills, the subject anticipates difficulty managing skilled people who are less amenable to direct methods of control, but may also highlight his own lack of education.

### **15.9. Implications of this analysis**

Hans sees himself as conforming to several popular notions of what constitutes an entrepreneur. He is daring, adventurous and creative, making profits by leveraging resources and bootstrapping new start-ups. In this respect, the case

highlights how the entrepreneur verifies his self-concept through entrepreneurial activity (Murnieks and Mosakowski, 2007), despite the fact that there were no early entrepreneurial role models available.

Perhaps of most significance in this case is the demonstration of how entrepreneurs can learn from failure (Shepherd, 2003). Although Hans was apparently quite deeply moved by the failure of the vegetable-growing business, he undertook a process of reflection and grieving, using the experience to positive effect in building the next venture. His store of knowledge about the industry in which he operates has also makes him alert to opportunities and enables simultaneous search and evaluation.

Hans acknowledges that he sometimes lacks concentration, and the business, with several different (albeit related) areas of activity, would appear to lack focus. This strategy demonstrates how the developing-country entrepreneur manages risk by using a portfolio approach (Lingelbach *et al*, 2005). The risk is that shared resources might be too stretched to be sustainable long term, even though Hans has accessed external funding as a result.

Hans struggles with his own need for control demonstrate how the entrepreneur is required to develop and learn throughout the life of the business (Cope, 2005). While the business was relatively small, Hans was able to personally supervise all activities in detail, but this situation cannot be sustained with a substantially larger workforce. In particular, as the organisation grows and evolves, the demands of leadership change, which may represent a personal crisis for the entrepreneur (Greiner, 1972).

The play metaphor, which Hans frequently uses to describe his experience of new venture creation, gives insight into entrepreneurial motivation and persistence, especially among established entrepreneurs, suggesting the passion they feel for their business stems at least partly from their wholehearted enjoyment of the venture creation process.

## CHAPTER 16. CASE ANALYSIS: MARGARET

Margaret is a 38-year-old black female with an honours degree in mathematics and an MBA. Margaret's business, Bluebird Consulting, provides consulting services in credit risk management to a broad spectrum of financial service and retail businesses.

Margaret is serious, dignified and well-spoken. Respondents described her as demanding of herself and others, with a high need for control and a tendency to analyse and plan her life to the finest detail. In terms of Miner's (2000) typology of entrepreneurial personality types, Margaret could best be described as a blend of the personal achiever and real manager personality types. Margaret has been a high achiever at work and at school, but seems somewhat psychologically vulnerable to the risk of entrepreneurial failure. Nevertheless she is committed to her nascent business, in part because of the autonomy and flexibility it offers.

The interviews with Margaret tended to be fairly lengthy and detailed, and often emotionally intense as she recounted how she had struggled to establish the business in the first few months following inception.

This case analysis is based on transcripts from the interviews contained in Appendix G, coded as per Appendix I, and summarised in Chapter 8 of this document.

### 16.1. Early influences

As illustrated in figure 11, Margaret's early life was generally positive, reflecting her stable, lower-middle class upbringing in Soweto. It is notable that at no time was Margaret exposed to an entrepreneurial role model (Steier, 2003) apart from her father's unfulfilled wish to be self-employed, which clearly contributed to the perceived desirability of new venture creation in her eyes (Krueger and Brazeal, 1994).

However, Margaret was singled out for her superior intellect at a relatively early age, and selected to participate in a series of development programmes for gifted



children. This appears to have had the effect of creating in Margaret a high need for achievement while creating a sense of alienation (Kets de Vries, 1985) from all except those closest to her. Figure 11 illustrates how the early events of Margaret's life influenced her development as an entrepreneur.

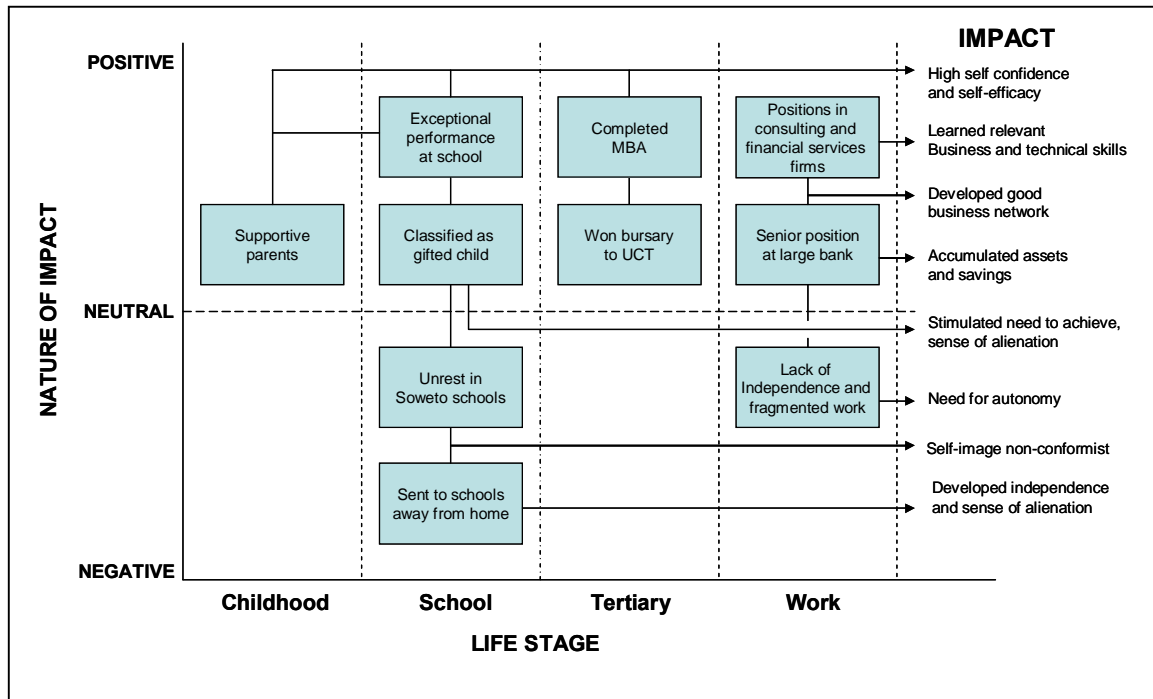


Figure 11. Early influences on the entrepreneur

One of the most eventful periods of Margaret's life was her high school years, when many Soweto scholars were deeply engaged in the struggle against apartheid. Although Margaret was apparently involved in various protest activities, she was removed from Soweto by the gifted children's programme to attend school in a remote provincial town. This experience has left her with a strong, assertive manner and a self-image as a non-conformist (Kets de Vries, 1985), but also contributed to her sense of self-esteem and independence.

In contrast, Margaret's tertiary education was relatively uneventful, although it contributed both to her self-confidence and the development of high-level technical and business skills. Her education is firmly at the foundation of her venture creation effort and highlights that returns on education are higher for self-employed people (Robinson and Sexton, 1994).

At work, Margaret again excelled, quickly demonstrating her value to her employers, particularly the large financial services institutions that reportedly valued her for her contribution, as well as for the relatively rare combination of her skills and demographic profile. Senior positions in large corporations produced substantial earnings, which allowed her to save sufficiently to support herself during the venture creation process. More importantly, her career was the source of her business idea (Crosa *et al*, 2003), and provided her with a network of relationships that she intends to use to good effect in developing the business.

## **16.2. Social capital**

Despite her admission of introversion, Margaret enjoys close relationships with her family and a few carefully chosen friends. These strong tie relationships provide important emotional sustenance, even though her need for external validation is apparently not significant. These close relationships do not seem to have any bearing on the business itself, but instead act as a supportive social context (Boyd and Vozikis, 1994).

At work, Margaret was skilled at managing relationships with superiors, peers and subordinates, able to get what she wanted without offending or upsetting others. At the same time, she has a reputation of honesty and openness in her dealings with others. It is likely that this skill will be particularly helpful in attracting and retaining highly skilled potential employees (Cardon, 2008).

However, while Margaret had anticipated that her relationships with key executives in several financial institutions would represent an open door for her consulting services, this was not the case, or at least not within the time frame she had envisaged. This suggests that Margaret could better leverage these weak tie relationships to access useful market information as well as simply regarding them as potential sales leads (Anderson and Miller, 2003).

## **16.3. New venture creation process**

The decision to embark on a new venture was made some three to five years prior to the inception of Bluebird Consulting, well before Margaret had identified a particular business opportunity. She was motivated to select entrepreneurship to

fulfil her need for autonomy and achievement, needs which were not being met by her corporate career (Harvey and Evans, 1995). Following the decision, Margaret began to prepare for entrepreneurship, financially and by building a network she believed might be useful during new venture creation.

The start-up process is illustrated in Figure 12:

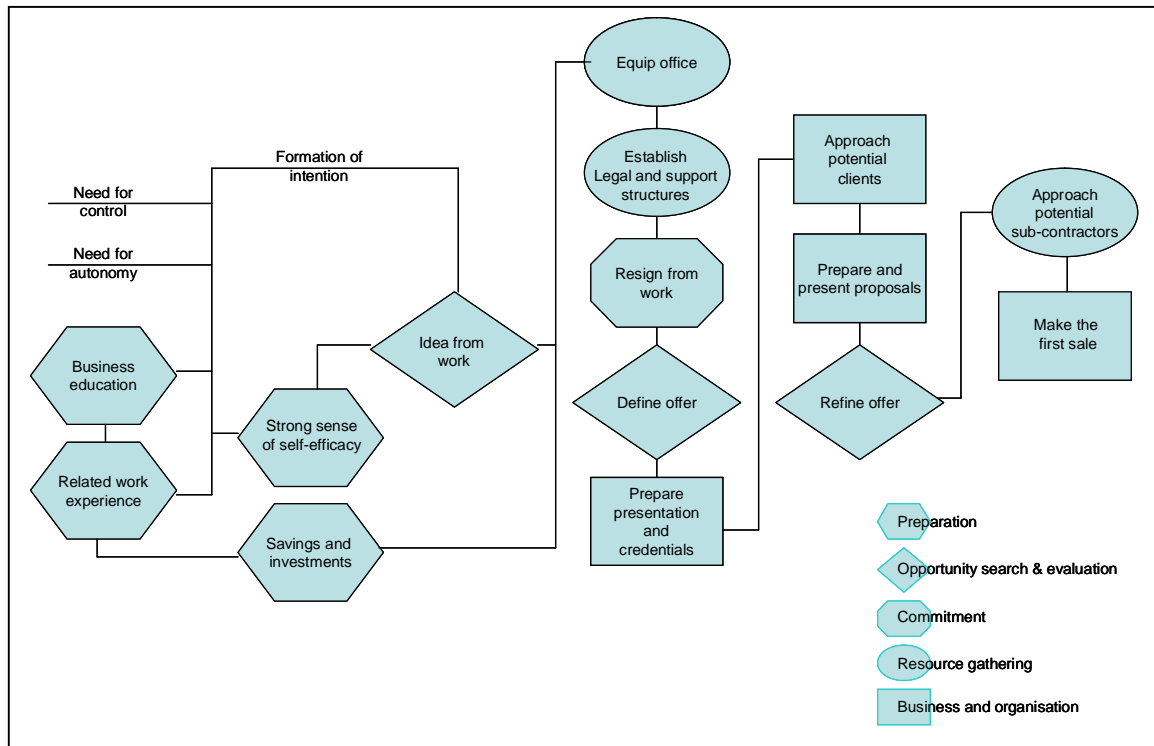


Figure 12. Margaret's New Venture Creation Process Map

At the same time, she became alert to entrepreneurial opportunities that might be appropriate for her (Shepherd and DeTienne, 2005), although it does not appear that a formal search took place. Instead, Margaret began to realise that a consultancy in credit management might represent a good fit between her own skills and market demand, thus demonstrating the notion that individuals with particular stocks of information identify particular opportunities (Cliff *et al*, 2006).

Once this opportunity had solidified in her mind, Margaret equipped an office and established the necessary legal framework (Gatewood *et al*, 1995) before committing herself to new venture creation by resigning from her corporate position.

Having further developed the opportunity (Ardichvili *et al*, 2003) by preparing credentials documents and an introductory presentation, Margaret began to approach potential clients with a view to being invited to submit consulting proposals. On the basis of market feedback, the offering was refined, indicating that opportunity evaluation was informal and client-centred, and dependent on Margaret's ability to learn about the market (Bhide, 1994).

On the whole, Margaret's venture creation process is a relatively simple and linear one, which deviates from orthodox models only with respect to the order of events. Figure 16.2 illustrates that commitment occurred after sufficient operating resources had been gathered (Brush, 2001) and Margaret considered her preparation to have been complete, but prior to opportunity evaluation. This may point to an over-reliance on planning as a mechanism for managing risk, and some degree of over-optimism, particularly in relation to market needs.

Margaret's perception was that start-up only occurred once the first sale had been made (Bhave, 1994), and this took approximately six months from the commitment event, a relatively short period compared to established empirical norms, particularly if the preparation period is excluded (Liao *et al*, 2005).

#### **16.4. Business model and strategy evaluation**

While Margaret has been careful to plan and organise for new venture creation, this activity has centred on her domestic affairs, leaving the business strategy to evolve in response to discernible market response (Gruber, 2007). This situation may have arisen as a result of Margaret's belief that she knew the market well, on the grounds that she had spent several years working in it, albeit in a corporate context (Shane, 2008).

Bluebird's strategy could be termed a 'reactive imitator' (Park and Bae, 2004), since it represents a local follower in a local existing market, although the market is arguably in a new growth phase as a consequence of new legislation.

The business model for Bluebird Consulting is described below in terms of the Chesbrough and Rosenbloom (2002) business model framework:

**Table 18. Business model and strategy**

<b>Value proposition</b>	Consulting in credit/risk management strategy
<b>Market segment</b>	Corporate retailers and financial institutions
<b>Structure of value chain</b>	Consumers apply for credit to providers, who use actuarial models to analyse risk profiles and thereby determine credit-worthiness, price and timing of credit contracts before establishing credit agreements. Management of customer during life of agreement and at termination. Process influences profitability and quality of customer relationships
<b>Position in value network</b>	Consultant to credit providers in design and implementation of credit risk/management strategies and models
<b>Competitive strategy</b>	Business network for prospects, delivery and client relationship for retention.  Personal skills, reputation and demographic profile of founder is implied competitive advantage
<b>Costs and profit potential</b>	Typical consulting rates based on cost of consultant time plus 15% to 30%

The strategy appears consonant (Rumelt, 1991) with the needs of the market for rare, expensive skills with the right BEE credentials, especially in the context of new credit-related legislation in South Africa. However, it seems likely that the offering will evolve further as Margaret learns more about running a consulting business and seeks to make different offerings more consistent (Rumelt, 1991) with one another.

The strategy is presently feasible (Rumelt, 1991), due to Margaret's thorough financial preparation, and her stated intention to grow incrementally to minimise impact on cash flow. There is little evidence of any sustainable competitive advantage (Rumelt, 1991) beyond that offered by sound client relationships.

### **16.5. Support required**

Margaret is self-reliant and organised, to the extent that her exit from full employment and the start of her new venture were minutely planned and prepared for, at least from a domestic perspective. However, it would appear that she did not anticipate the extent to which she would require emotional support in the earliest stages of business development, particularly when progress was slow, rejection frequent and failure seemed possible (Shepherd, 2003).

As a result, Margaret found herself in urgent need of support and empathy from others who might understand her experience and from whom she could better learn to manage her way through the start-up process (Audia and Rider, 2005).

Through an entrepreneurial development NGO, Margaret met and developed relationships with other start-up entrepreneurs, which have been an important source of support and learning for her. It is possible that this desire for social interaction with other entrepreneurs was for the purpose of undertaking social comparison (Shaver, 2005).

So far, Margaret has not needed much resource-based support since she has used her own savings to fund start-up (Shane, 2008), although she anticipates that her most significant future challenge will be overcoming the liability of newness (Smith and Lohrke, 2008) to access the scarce human resources she will need to grow the business substantially.

## 16.6. Meaning making

Possibly as a result of the relative novelty of the business or the emotional intensity of the experience (Anderson and Smith, 2007), Margaret struggles to find meaning in entrepreneurship or at least finds it difficult to communicate what this might represent for her (Branzei and Zietsma, 2002). Perhaps most notable in her descriptions of new venture creation is the notion of *turbulence* the unexpected, irregular and uncertain nature of the process.

*Like I'm saying, nothing is smooth and if you ever thought that it would be plain sailing then you find yourself being very wrong. (5A MBFS 12:386)*

The idea of turbulence is applied to the market's reaction to Margaret's offerings, which did not immediately live up to her expectations, something she was surprised by at the time and still finds difficult to understand. She was surprised by rejection, and equally surprised by the relatively slow speed of corporate decision-making.

*Where the doors have been closed for me it felt like it was wide open and then suddenly closed ... it was, "yes, I think we are on the right track here" and then suddenly, "no no no". (5A MBFS 12:402)*

*What took me by surprise was because I felt very confident, with the product, with the technique ... what took me by surprise was how potential clients didn't respond right away. And when I say right, I just mean in terms of saying yes ... you need to help us here and not only here but here and let's do it as soon as possible. So they take a while to get there. (5A MBFS 8:252)*

Margaret finds surprises like these particularly discomfiting, as she has a high need for control and believes firmly in the value of planning as a management and risk-avoidance strategy in both her business and family life. Perhaps as a result of the market turbulence she experienced, Margaret has also found new venture creation to be emotionally turbulent, particularly in the range of emotions she felt and the relatively sudden nature of their onset.

*Although it was exciting, and then suddenly you see you are afraid of change, and then on the 2nd of Jan you get a little bit nervous, because you know what, you definitely have to wake up now. So that nervousness, and then there was a very sad moment in about March, April, when you think, ahh now I am not in control of my life, somebody is running my life, so that part was very very frightening. (5D MBFS 20:725)*

Margaret's description highlights that new entrepreneurs readily experience a tension between new-found freedom and unexpected constraints in the venture creation process (Wahlgren and Stewart, 2003). By referring to the notion of turbulence to describe the entrepreneurial experience, Margaret is metaphorically evoking the uncertainty and chaos the entrepreneur must face in establishing a new venture (Simon *et al*, 1999), and highlighting the extent of the risk involved. In so doing, Margaret communicates her fear, anxiety and stress at the lack of control she experiences.

*Sometimes when I am too stressed, I can be ... I am a very impatient person, when I do things, you know I am very fast and I choose them then sometimes when I work with people who are like slow, they are not moving, I get very stressed. (5D MBFS 4:136)*

The use of the metaphor draws attention away from more positive features of the entrepreneurial experience such as pleasure and excitement, and detracts from the social convention that sees development, innovation and progress inherent in the venture creation process (Reimer and Camp, 2005).

## **16.7. Levels of analysis**

In this case, the relationships between different levels of analysis are strong, possibly reflecting the fact that the product is Margaret herself. Her knowledge, skills and capabilities are what are for sale, at least in this stage of the venture's development (Kisfalvi, 2002).

### ***Personal – social***

For Margaret, relationships with others are optional, but she recognises that they perform several useful functions. As a result, even though she is an introvert, Margaret is careful to nurture relationships with people she considers important to her. Strong tie relationships with family and friends offer company and emotional support when she needs it (Steier, 2003).

Weak tie relationships with business colleagues and peers deliver helpful advice and information but, more importantly, represent potential client contacts (Anderson and Miller, 2003). It could be argued that Margaret sees these relationships as a way of managing risk, for example by nurturing the relationship with her previous employer, she has effectively given herself a safety net of returning to employment in the event of her business failing.

### ***Personal – business***

Given that Bluebird Consulting is new and presently a one-man business, it is not clear to what extent Margaret's characteristics and experience will be projected onto the nascent organisation (Baron and Hannan, 2002). However, emergent strategy (Mintzberg, 1991) suggests that the business will continue to focus on Margaret as its primary consulting product to the extent that she intends her personal attention to projects to be the keystone of her relationships with clients.

### ***Personal – environment***

When considered in light of the operating environment, Margaret's self-confidence and optimism manifest as naivety. Her expectations about the quality and speed of the market's response to her offer proved both under-researched and unrealistic (Bhide, 1994). This is also true of competitors, who are viewed as genial rivals rather than representing any long-term threat to the sustainability of the business.

## **16.8. Respondent differences**

Descriptions of Margaret generally displayed high levels of consistency, with respondents agreeing on her motivation, cognitive style, communication abilities and strong relationship with her family. Respondents also readily articulated Margaret's high need for autonomy and control (Shane, 2008).



Respondents offered a complementary perspective of Margaret's motivation to embark on a new venture when they added her desire to achieve something more challenging to her desire for independence. Respondents also expanded on her relationship capability, suggesting that, although fairly introverted, Margaret was a competent relationship manager, capable of building useful social capital (De Carolis and Saporito, 2006).

During the interviews, some interesting differences and similarities between respondents emerged, as illustrated in Table 19.

**Table 19. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
<b>Motivation</b>	Doesn't want to work for others		Wants more of a challenge	Wants more of a challenge
<b>Thinking</b>	Careful planning, analytical decision-making			
<b>Emotion</b>		Very sensitive	Controlled	Strong
<b>Communication</b>	Open, honest, enthusiastic		Assertive	Outspoken Encouraging
<b>Relationships</b>	Strongly connected to family	Likes own company but relationships important	Prefers to keep business and personal separate	Good, but chooses friends carefully
<b>Strength</b>	Independent, ambitious.	Organised, impatient	Good with people	Risk-taker
<b>Weakness</b>		Too analytical Demanding		

Contradictory accounts were limited to descriptions of Margaret's affective functioning, with respondents variously describing her as 'strong' and 'controlled' while Margaret sees herself as emotionally sensitive and stress-prone, albeit able to hide her emotions from others (Askande, 1994). This seems to have been particularly helpful when dealing with interpersonal conflict in the workplace.

### 16.9. Implications of this analysis

This analysis demonstrates that early influences on the entrepreneur, while seemingly unrelated to the venture creation process, may create needs the entrepreneur believes can only be met through new venture creation. In this case, the need for autonomy and control stimulated by childhood dislocation

made the prospect of permanent employment appear unsatisfactory, even though Margaret seemed destined for success in the corporate environment.

This case illustrates how the entrepreneur might use her own knowledge, skills and characteristics as the major instrument of new venture creation. Not only do her personal characteristics define the nature of the opportunity, they also represent the major product the entrepreneur is offering to the market.

The venture creation process demonstrates how the entrepreneur uses the market to help define the services she will deliver, rather than attempting to conceptualise these prior to implementation. Although this meant her expectations of an early and positive reception were not met, and Margaret found this difficult to deal with, ultimately the start-up process was relatively effective as a consequence of this emergent approach. It is likely that the business model will continue to evolve as the entrepreneur learns more about client needs.

The emotional intensity of the start-up process is well illustrated by this case, as the entrepreneur experienced both the euphoria commonly associated with start-up (Cooper *et al*, 1988) and the fear and anxiety that even the possibility of less-than-expected performance generates (Singh *et al*, 2007). The use of turbulence-related metaphors to describe the entrepreneurial experience gives insight into the nature and impact of the uncertainty and ambiguity that the entrepreneur ordinarily deals with and highlights the requirement for high levels of personal and organisational resilience.

## CHAPTER 17. CASE ANALYSIS: JOHAN

Johan is a 44-year-old white male with an engineering degree and an MBA. Johan's first venture, Netstrat, an internet-based consultancy, is still operating. However, most of his time and energy is spent developing Datacred and Printcheck, his second and third businesses respectively.

Johan speaks quietly and clearly and comes across as calm, serious and competent. Respondents admiringly described his creativity and intellectual prowess, making him a typical expert idea generator (Miner, 2000) and also referred to his determination to persevere even in the face of significant obstacles to business success. Johan enjoys the independence entrepreneurship offers, but is also frustrated by the lack of resources and constraints this imposes on the new venture.

The interviews for this case tended to be thoughtful and in-depth, reflecting Johan's reserved, albeit self-aware, personality. The importance of his religious life was evident throughout all the interviews.

This case analysis is based on transcripts from the interviews contained in Appendix G, coded as per Appendix I, and summarised in Chapter 9 of this document.

### 17.1. Early influences

Several features of his early life were considered by Johan to have been negative experiences, but they have had a significant impact on his entrepreneurial motivation and characteristics, as illustrated in figure 13.

A strict, religious upbringing left Johan with a need for autonomy, and a strong ethical value system (Morrison, 2001), which directly influences his entrepreneurial goals and decision-making. His childhood experiences of watching his father do household maintenance instilled the habit of thrift and a practical creativity (Amabile, 1998) which later manifested in a fascination for technology.

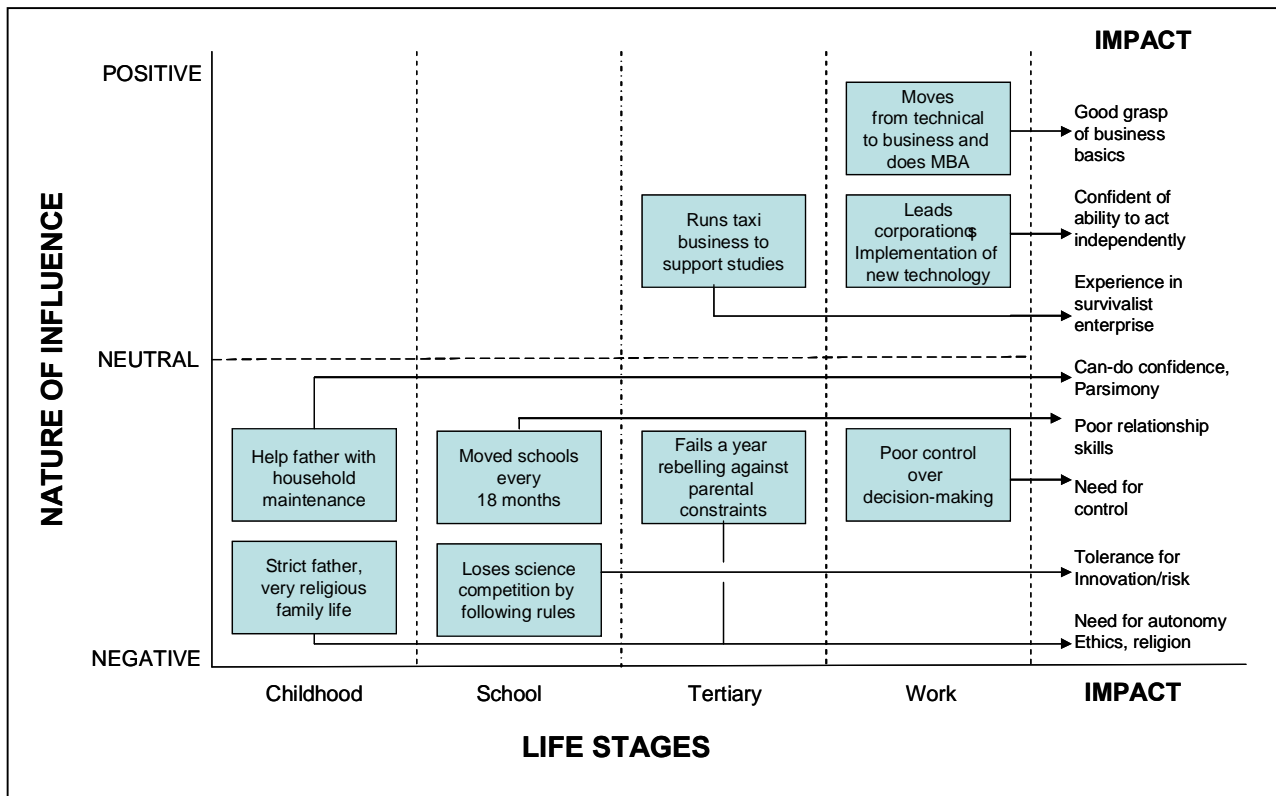


Figure 13. Early influences on the entrepreneur

Multiple school relocations made Johan aware of the difficulties of creating and maintaining relationships with peers, a weakness that continues to affect his ability to build social capital (Greve and Salaff, 2003). Johan's risk-taking and innovation behaviour is unusual in his family context (Gifford, 2005), and he attributes this to his loss of a high school economics competition, which taught him that conformity and caution are not always the best strategy.

Johan's tertiary education as an engineer delivered strong analytical skills, which he continues to apply in business analysis and planning. During this period, he began to experiment successfully with a survivalist taxi business, which funded his university education in the absence of parental financial support and helped him to develop a strong sense of entrepreneurial self-efficacy (Boyd and Vozikis, 1994).

At work, Johan moved rapidly from the technical into the business sphere, developing generalist business knowledge in a technology-oriented environment (Harvey and Evans, 1995). Although operating in a bureaucratic organisational context, Johan was given an unusual amount of autonomy to lead the

corporation's entry into a new technological sphere, enabling him to act out his self-image as innovator and non-conformist (Murnieks and Mosakowski, 2007).

The experience gave Johan a taste for new venture creation, without exposing him to any personal risk. At the same time, his experience with buying and selling houses further reinforced his entrepreneurial self-confidence (Cope, 2005).

## **17.2. Social capital**

Johan is very much a family man, having strong connections to his extended family, and communicating with his wife in-depth about the business. However, his family appears to be kept somewhat at arm's length from his business affairs, possibly as a deliberate mechanism for managing the work-family interface (Jack and Anderson, 2002).

Johan repeatedly pursues partnerships as a strategy for ensuring entrepreneurial success, on the grounds that he needs the partners' expertise and resources. At least initially, he clearly inspires confidence in shareholders and potential customers even though he does not consider himself naturally gregarious (Cardon, 2008).

However, Johan's ability to maintain these relationships has been less than optimal. He attributes this to a perceived weakness in maintaining social relationships, a consequence of his introversion and mobile childhood. However, it would appear that Johan is also very demanding of himself and others, and this characteristic may contribute to relationship difficulties, as manifested in his problems with employees (Baron and Hannan, 2002).

## **17.3. New venture creation process**

The source of Johan's intention to create a new venture can be traced to particular features of his childhood, education and work experience. It is not clear whether he consciously prepared for start-up, but the knowledge and experience gained from his formal education and work experience, together with the social networks he built and financial resources he accumulated, meant he was well positioned to embark on new venture creation.

All five businesses had as their starting point Johan's own capabilities (Cliff *et al*, 2006): the taxi business capitalised on his ability to repair engines; the property business took advantage of his passion for DIY; and the three formal businesses were based on his broad-based knowledge of new technologies. It is not known whether opportunity search occurred in the two earlier businesses, but in the case of Netstrat, the opportunity seems to have been relatively poorly defined until some time after start-up, suggesting Johan had a mental model of how the business would work, rather than a formal business plan (Sull, 2004). The source of the opportunity for Datacred was a customer's need and, for Printcheck, a new application of an existing product.

Figure 14 illustrates the chronology of the new venture creation process for Johan's businesses.

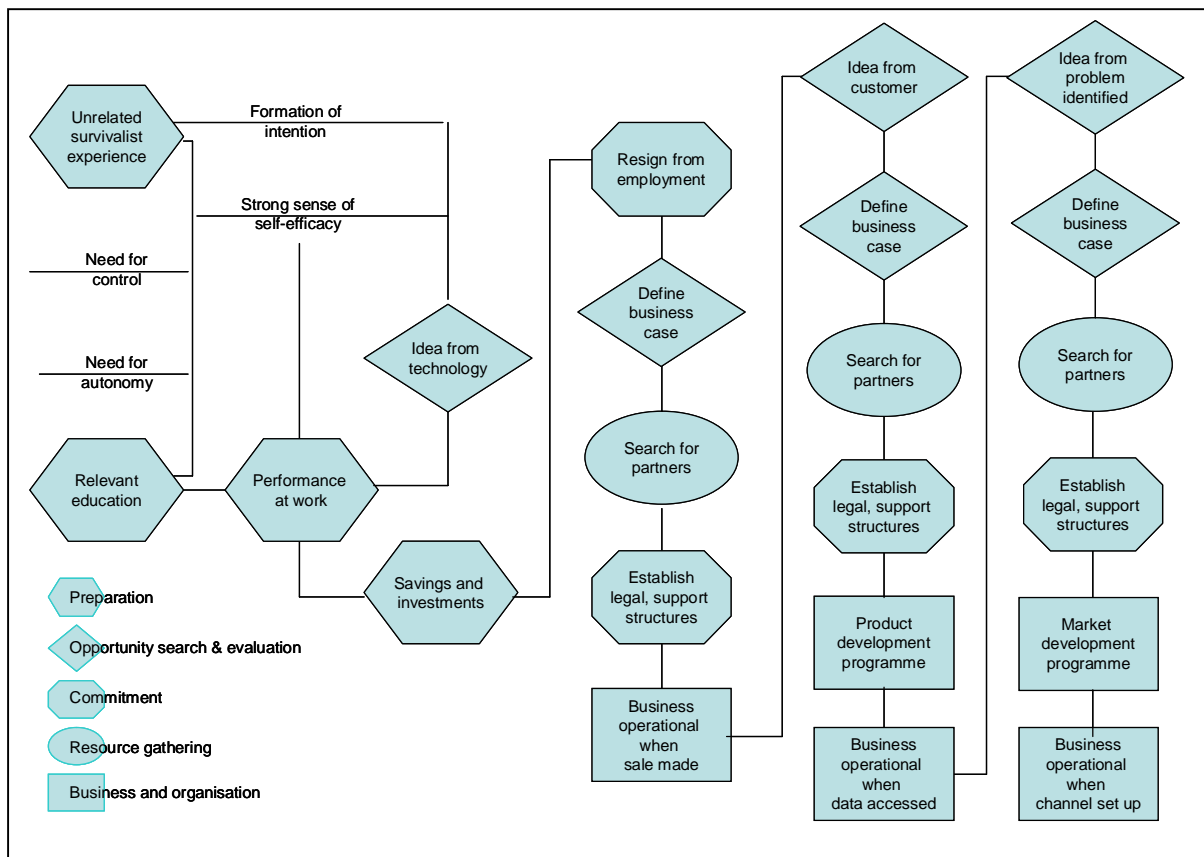


Figure 14. Johan's new venture creation process map

In each case, Johan's opportunity evaluation seems to have been limited to upside potential, since significant market and competitive threats were discounted at the outset (Krueger, 2000).

This corporate-style sequence of start-up events was repeated for each of the three formal businesses. Despite the similarities in start-up sequences, the point of formal commencement was different in each business. For Netstrat, the business was considered operational once the first sale had been made; for Datacred, the business will not be fully operational until the source of supply has been secured; while with Printcheck, the business is considered operational now that the distribution channel has been established.

For Johan, resourcing the business occurred early in the new venture creation process, simultaneous with the establishment of legal structures and signalling the start-up decision point. In some instances, he has barely conceived of the idea prior to setting out to find the partners and the funding to make it happen. This differs somewhat from more orthodox models of venture creation (Bolton and Thompson, 2000; Timmons, 1999). It would appear that in each case, start-up occurred with three to six months of idea definition, which is relatively rapid compared to the timing of start-up in the developing world (Liao *et al*, 2005).

#### **17.4. Business model and strategy evaluation**

Although Johan has established three separate businesses, they are linked by associated technologies, and it could be argued that the businesses represent developments to a single business model, based on an evolution in the entrepreneur's thinking and experience. Even within the context of the Datacred venture, the business model has changed substantially as Johan has learned more about the market and discovered new applications for the technology he has developed (Morris and Zahra, 2000).

The original business model for Datacred, and the changes that have been made are described below in terms of the six components of Chesbrough and Rosenbloom's (2002) business model framework:

**Table 20. Datedred business model and strategy**

<b>Value proposition</b>	<ul style="list-style-type: none"> <li>Initially, an easy transparent way that consumers could access and manage their own profiles, empowering them to control their own financial destiny, rather than being judged by an anonymous and secretive credit-rating system.</li> <li>Now also incorporating a flexible centralised database providing full consumer profiles used in credit evaluations, employee recruitment decisions, access control and for other risk-management applications.</li> </ul>
<b>Market segment</b>	<ul style="list-style-type: none"> <li>Initially, all economically active consumers in South Africa.</li> <li>Now including all organisations and individuals who can use the database.</li> </ul>
<b>Structure of value chain</b>	<ul style="list-style-type: none"> <li>Data is collected from a variety of sources (suppliers) and assembled in the database, which is accessed via the internet by customers.</li> <li>Given the consumer target, ease of use of the database is a critical success factor.</li> </ul>
<b>Position in value network</b>	The consumer service would be marketed directly to consumers. Support from employers, bankers and NCR will be required. Resellers will be used to access business and institutional markets.
<b>Competitive strategy</b>	<p>Competitors are also critically important suppliers of financial transaction data.</p> <ul style="list-style-type: none"> <li>Initially, a cooperative strategy was envisaged on the grounds that Datedred would not be competing directly with incumbents.</li> <li>Now a combative strategy is being pursued to force incumbents to supply the information.</li> </ul>
<b>Costs and revenues</b>	<ul style="list-style-type: none"> <li>The cost of development has been approximately R5m so far. Much data is in the public domain, but there are costs associated with capturing it in the database. The major ongoing cost will be continued access to financial transaction history.</li> <li>Revenues will be derived from subscriptions to the service or a pay-per-transaction cost. Volume of users is a key success factor for achieving profitability.</li> </ul>

The Datedred business model is an example of strategy as position (Mintzberg, 1991), as the opportunity was conceived in relation to incumbents in the credit information industry. The Datedred strategy could be termed proactive localisation as the firm is a follower in a local emerging market (Park and Bae, 2004), while the Printcheck strategy is better described as a global niche since the product is a pioneering one in an emerging market (Park and Bae, 2004).

The strategy is internally consistent, but only partly consonant with the environment (Rumelt, 1991), because although it meets important market needs, it failed to take account of the structure of the existing industry and to anticipate competitor resistance. As a result, the feasibility (Rumelt, 1991) of the business is questionable because Datedred's access to a critical resource has been blocked, even though the product is fully developed and apparently functioning effectively. It is anticipated that competitive advantage (Rumelt, 1991) will be derived from



the way in which the Datacred service is marketed to consumers. The details of the marketing strategy are not yet clear.

### **17.5. Support required**

Since the inception of his first formal business, Johan has been acutely aware of his need for support during the venture creation process (Audia and Rider, 2005), and has expended much energy on attempting to establish the corporate-style infrastructure to which he had become accustomed while employed.

The major instrument of this support has been the shareholder partnerships Johan has established for each business. Johan has been able to communicate his vision and persuade others to support nascent businesses on three separate occasions (Baron, 2008). In each case, the business in question had no product and no customers and yet he was able to establish partnerships that delivered funding and enabled start-up to take place. This would appear to represent a remarkable, if unacknowledged, strength on the part of this entrepreneur (Alvarez, 2005).

His expectation was that these partnerships would not only provide funding to develop the business, but also relevant skills and networks to support new venture creation. In two of the three businesses, the partnerships have failed to fully meet these expectations, but this has not caused Johan to question the wisdom of this approach.

### **17.6. Meaning making**

Johan exhibits a veneer of analytical rationalism in keeping with his engineering training but constructs meaning about his entrepreneurial experience primarily with reference his religious belief and moral value system (Anderson and Smith, 2007). For example, his motivation for starting Datacred is not to create wealth or independence for himself but to liberate consumers from the tyranny of credit-rating systems. His continuous invention and repeated new venture creation is described not as a lack of focus, but as a responsibility to honour his creator

*I strongly believe today that things like creativity, things that we are thinking of, many of those things – whether we know it or not – are God-inspired, okay. Whether you accept it or not, or appreciate it or not, or whatever, the fact of the matter is that ... thinking of the entrepreneurial product is a God-given in my opinion. (6D OWME 21:742)*

Johan even suggests that the entrepreneur performs a spiritual function in the course of new venture creation (Dodd and Seaman, 1998), and that by embarking on entrepreneurship he is fulfilling his spiritual purpose in life.

*The fact of the matter is that – and I actually wanted to say – why was man created? To have dominion on earth on behalf of God, right. Now the combination of creativity and having dominion, isn't that what the entrepreneur is striving at? (6D OWME 22:786)*

*I think it's difficult always to know exactly why you're busy with certain things and what's busy happening and what is your ultimate purpose. The day when you are put to rest and people stand around the grave and they say their words and the question is "what are they going to say about you?" And at that point will they be saying that "ja, he lived a totally fulfilled life in all aspects of his being". (6D OWME 23:816)*

Johan's second way of making meaning is by reference to a hostile external environment. When his assumptions about the competitive environment proved incorrect, his idealism was undermined and he responded by developing a vivid set of war-like metaphors (Lakoff, 1991) to explain his experiences. These metaphors suggest an extreme form of competition in which the competitor becomes a villainous enemy that must be beaten by the heroic entrepreneur for the moral balance to be restored (Lakoff, 1991).

*I would say there were no morals in business for that matter. It's war. That's what it boils down to. (6A OWME 14:472)*

*You've got a very idyllic mindset, "I'm going to do this, I'm going to change the world," etcetera, etcetera. But as soon as you start – when you start happening in the world for that matter, then you realise but the real world out there is ruthless. (6A OWME 14:474)*

*The herd is standing there and the crocodile will not hesitate to take his prey, drown him and eat him for that matter; and I think the same thing applies in business. They will – and if I say they, obviously the competitors – they will basically sit together and say "all right, what are we going to do to make sure that this guy stays out of the process. (6A OWME 14:479)*

*We said that if we're going to go this route, we're going to fight full-on and play hard and dirty. (6A OWME 12:416)*

Johan seeks to evoke sympathy and support for his own actions through the use of this metaphor, because the intensity of his rivalry can be justified if it is seen in relation to the immoral actions of others. He also communicates the intensity of his frustration and anger at being prevented from developing his business in the way he originally envisaged doing.

The use of the war metaphor highlights the complex and competitive nature of business generally, especially for the new entrant, who may not be adequately resourced to compete with more established rivals. The metaphor also makes reference to the danger or risk involved and implies that ordinary rules of social engagement do not apply to entrepreneurship (Lakoff, 1991). The use of the war metaphor simultaneously hides aspects of business life, such as co-operation, productivity and progress that social convention ordinarily associates with entrepreneurship.

#### **17.7. Relationship between different levels of analysis**

Strong linkages between the personal, social and business levels of analysis are evident in this case. The entrepreneur's early experiences, personal traits and values influence his social interactions, his business strategy and structure and his perceptions of the business environment.

##### ***Personal – social***

Less easily acknowledged is the impact of Johan's need for autonomy, intellectual self-efficacy and perfectionism on relationships with those around him. It appears these traits make him simultaneously difficult to understand, lacking in empathy, critical of the performance of others and resistant to the input of peers (Kets de Vries, 1985).

These factors fed his desire for autonomy and reinforced his self-efficacy to the extent that faced with a somewhat less-than-tolerant and exciting work environment, Johan exited to embark on his entrepreneurial journey (Harvey and Evans, 1995).

### ***Personal – business***

Johan's work experience acted as a trial run for entrepreneurship. Firstly, it offered exposure to the newest technologies, and to a variety of general business principles (Kirsten and Rogerson, 2002). Secondly, because he led the organisation's thrust in a new strategic and technological direction, Johan operated in a context that was both particularly challenging personally and unusually unconstrained bureaucratically, making it a relatively safe place to be entrepreneurial.

It would appear Johan suffers from a planning fallacy, overestimating how much he can accomplish (Baron, 1998) and finding it difficult to delegate to others.

### ***Personal – environment***

Johan's idealistic frame of reference may have resulted in a somewhat naive view of the competitive environment (Baron, 2003). In formulating strategy for the business, he appears to have assumed customer interest when Netstrat was set up, but was met with an indifferent market response, while with Datacred, he assumed a neutral, if not benign, response on the part of competitors.

## **17.8. Respondent perspectives**

Some interesting similarities and differences between respondent descriptions of Johan emerged during the interviews. These are illustrated in Table 21:

Respondents were consistent in their description of the source of Johan's motivation and commitment to the business as rooted in his religious values and beliefs. His simultaneous creativity and rationality were also clearly observable from all perspectives, as were the difficulties he experiences in managing relationships with the other shareholders in Datacred. There was also broad agreement on the nature of Johan's signature strengths and weaknesses.

**Table 21. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S OWN DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY MEMBER'S DESCRIPTION
<b>Motivation</b>	Values and beliefs, religion		Independence	Family
<b>Thinking</b>	Inventive, creative Rational, logical	Strategic Analytical	Easily bored	Careful, slow Parsimonious
<b>Emotion</b>		Passionate		Controlled
<b>Communication</b>		Others don't understand me	Articulate	Responsive
<b>Relationships</b>	Partnerships difficult	Demanding Lacks empathy	Too trusting Not interested in managing people	Good at assessing people
<b>Strength</b>	Practical, ethical, determined	Perseverance	Commercially astute, intelligent	Patient
<b>Weakness</b>	Has to do things himself	Not good at relationships		Perfectionist Stubborn

Anna's descriptions of Johan's inventiveness and parsimony at home highlighted these characteristics and complemented his self-assessment, and partly explain how the businesses, and Johan and his family, have survived for so long without substantial revenue streams. She also added to an understanding of Johan's problems in managing partners and employees by exposing his perfectionism and careful decision-making.

Johan's colleague, Roger, described some apparently contradictory elements of the entrepreneurial persona. In particular, Johan's alleged low boredom threshold appears to conflict with his patience and commitment to succeed. However, it explains the continuous stream of start-ups and the inventions at home and at work which possibly serve as Johan's antidote to the tedium of persistence.

### **17.9. Implications of this analysis**

This case demonstrates the importance of work experience to the developing entrepreneur. Johan's time at Corptel not only allowed him to accumulate skills, networks and resources, it also gave him the flexibility to behave entrepreneurially and, in so doing, gain valuable venture creation experience. This suggests large organisations can act as incubators for nascent

entrepreneurs, especially in developing countries, where they can offer the support and resources the institutional environment does not.

Although Johan's social capital is at less-than-optimum levels, he has embedded himself and his businesses in a network of shareholder partnerships, designed to provide multiple levels of sustainable support. These partnerships effectively counter his weaknesses at managing relationships.

The venture creation process in this case demonstrates that the entrepreneur may establish a pattern or template of start-up, and repeat the pattern even when it is not necessarily effective (Politis, 2005). The process followed by Johan differs from the orthodox models of entrepreneurship as resource gathering occurs very early, almost before the opportunity has been fully developed. This may be a function of the developing-country environment, where resources are scarce and institutional environment is weak. The strategy Johan pursues illustrates the developing-country entrepreneur's approach to managing risk by establishing a portfolio of businesses that balance each other's characteristics, in terms of stage of development as well as cash flow (Lingelbach *et al*, 2005).

Johan's use of war-related metaphors to describe the entrepreneurial experience gives insight into the relentless nature of the venture creation process and demonstrates that the individual may feel fear, anger and frustration as a result.

## CHAPTER 18. CASE ANALYSIS: ANDRE

Andre is a 44-year-old coloured male who left high school at 16 and obtained a diploma in graphic art while working to support himself and his family. He has started four diverse businesses over the past ten years, one of which he still runs profitably in parallel with GoMate, the venture he is currently developing.

Andre presents himself as elegant and composed, but respondents describe a passionate, demanding and highly competitive individual. His high need to achieve and for social status is fulfilled by new venture creation, although his ambition remains undimmed, as demonstrated by the ever-increasing scale and scope of each start-up he has embarked on. Andre appears to extract most satisfaction from the creative and ego-enhancing features of the entrepreneurial experience. This description of Andre conforms relatively closely to Miner's (2000) 'real manager' personality type.

The interviews with the subject in this case were long and intense, as respondents expressed their emotions openly and were comfortable revealing fairly personal information.

This case analysis is based on transcripts from the interviews contained in Appendix G, coded as per Appendix I, and summarised in Chapter 10.

### 18.1. Earlier influences on the entrepreneur

Several early events described by the entrepreneur as being negative have influenced his subsequent thinking and behaviour. However, positive events have proven equally influential in the formation of motivation, self-efficacy and cognitive and affective style.

Earlier influences on the thinking and behaviour of the entrepreneur, as they impact on new venture creation, are illustrated in Figure 15.

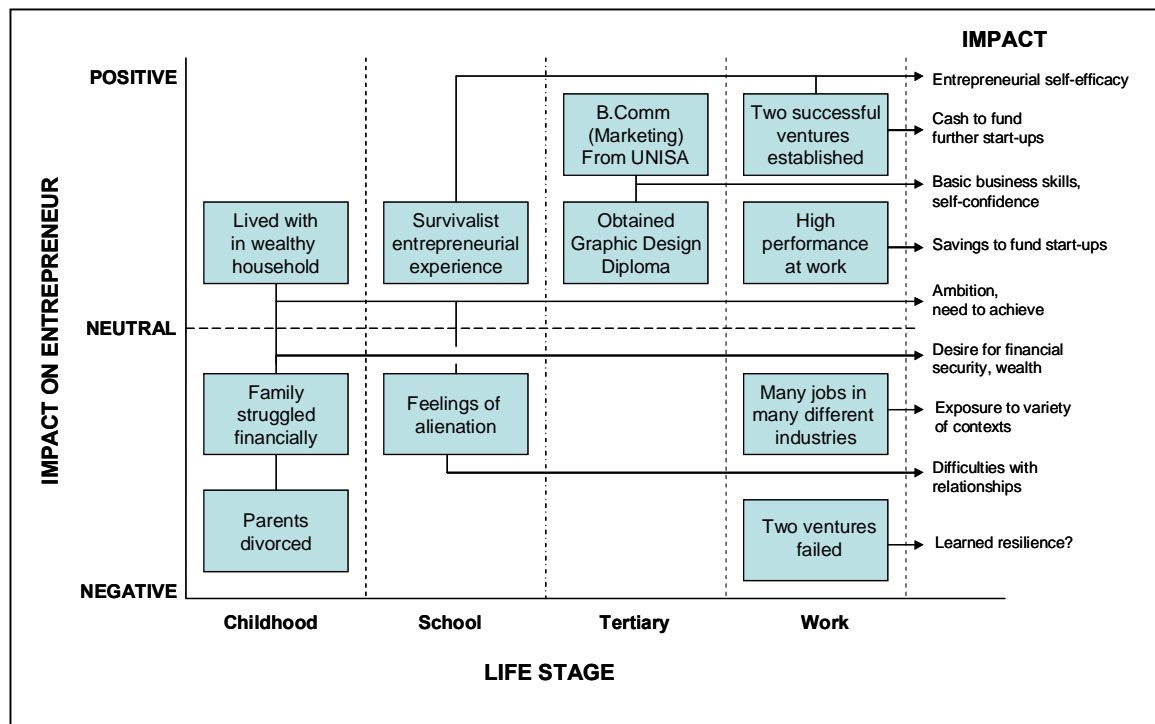


Figure 15. Earlier influences on the entrepreneur

The most significant of the subject's early experiences was his exposure to wealth and plenty, in a household where he was a pampered only child. This experience was immediately followed by immersion in quite severe poverty, where he was at least partly responsible for the family's day-to-day survival. The consequent feelings of alienation (Kets de Vries, 1985) appear to have influenced the subject's self-esteem and ability to form productive relationships (Goss, 2005). However, the entrepreneur's early experience has also fuelled a powerful need to achieve and a strong desire to create significant wealth of his own.

Educational success at tertiary level and high levels of performance at work subsequently provided the basic business skills and financial resources he would require as an entrepreneur and helped build his confidence (Chen *et al*, 1998). Two successful entrepreneurial ventures reinforced the early self-efficacy gained from survivalist entrepreneurship and helped build a store of assets which could be later used to fund other ventures (Boyd and Vozikis, 1994).

The failure to launch of his media business and the collapse of the restaurant business with which he had been intimately involved do not appear to have had any negative impact on the subject, instead teaching him important lessons



(Cope, 2005) about his own behaviour and providing him with a sense of emotional resilience.

## 18.2. Social capital

Andre and his wife are both entrepreneurs, and their businesses are inextricably intertwined (Jennings and McDougald, 2007), with little boundary between the work and family interface (Jack and Anderson, 2002). The two provide mutual emotional and financial support, as well as ideas and practical assistance to each other.

Andre struggles to establish sustainable business relationships, with ~~weak~~ tie relationships tending to produce disappointing results, which in turn has consequences for his ability to attract resources to the business. His difficulties with business relationships can best be explained by social deference theory (Goss, 2005). Andre is reportedly sensitive to the extent of explicit or implicit deference being extended by him to others. This deference or its lack engenders intense feelings of pride or shame (Goss, 2005), which in turn trigger reactions in Andre that are perceived as anger or arrogance by others.

Andre's relationships with partners have also been largely unsuccessful, possibly because of a lack of trust on his part (DeCarolis and Saporito, 2006). It appears Andre is unwilling or unable to take the risk that trust implies (Welter and Smallbone, 2006).

## 18.3. New venture creation process

The subject's original inspiration for entrepreneurship appears to have come almost entirely from his need to achieve substantial financial success (Zafirovski, 1999), which seems to conflict with an equally powerful need for financial *security*, making him somewhat risk averse. This conflict is made manifest in his frequent movement between employment and new venture creation, either doing both in parallel or moving from the one to the other sequentially, in contrast with the notion that individuals tend to choose employment *or* entrepreneurship (Harvey and Evans, 1995).

The start-up event sequence for this case is illustrated in figure 16.

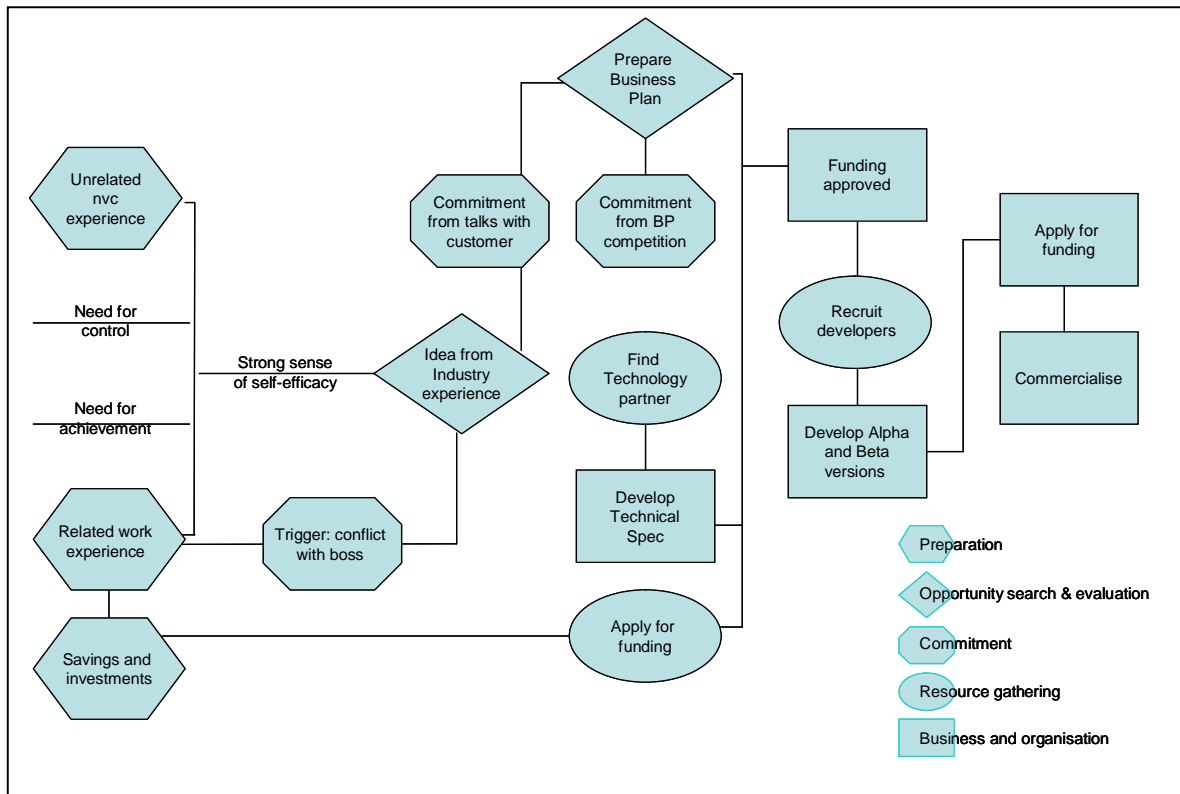


Figure 16. Andre's venture creation process map

Preparation for new venture creation seems to have been limited to the accumulation of savings which could be used to fund new ventures, although there is evidence of continued educational preparation throughout Andre's career. Much has been learned by the entrepreneur during the creation of each subsequent business, even though each has been entirely unrelated to the other (Cope, 2005).

As illustrated in figure 16, start-up in this case to some extent proceeds according to the classic model of new venture creation, that is the identification of opportunity is followed by some research to evaluate feasibility, the preparation of a business plan to demonstrate viability (Bolton and Thompson, 2004). However, resource gathering occurs throughout the process, possibly reflecting that the business is still in the early stages of development, or illustrating how developing-country entrepreneurs are continually constrained by resources (Sleuwagen and Goedhuys, 1998).

This classic pattern of start-up was not followed in the three other businesses created by the entrepreneur, perhaps indicating that learning has taken place (Cope, 2005). Little formal planning appears to have been involved in either the agency or the video businesses, while in the case of the media business, resources were put in place prior to the proper completion of the opportunity evaluation process, which more closely reflects the notion that entrepreneurs integrate planning and action (Bhide, 1994).

Commitment seems to be the product of opportunity evaluation and the establishment of viability for this entrepreneur, and start-up is deemed to have occurred once product development takes place, rather than when revenues begin to flow. For the GoMate business, the start-up process has taken 18 months to reach the point of commercialisation, but is currently stalled, and it is unclear how much longer it will be before the launch takes place. This is not particularly lengthy compared to empirical norms of temporal patterns of start-up (Liao *et al*, 2005).

#### **18.4. Strategy evaluation**

For this entrepreneur, in the GoMate start-up, the process of strategy development has been fairly linear. He decides what he wants to do and how, and then rolls out the plan with relatively little deviation from what was originally envisaged, in keeping with orthodox models of business planning (Mintzberg, 1991). Implementation is viewed as digital, in the sense that it is either successful because it is on-plan or unsuccessful because it is off-plan. Given his difficulties sourcing funding for the commercialisation of GoMate, it would appear that Andre was beginning to question the lack of flexibility that this approach represents (Gruber, 2007).

The GoMate business model is described below in terms of the six components of Chesbrough and Rosenbloom's (2002) framework:

**Table 22. Business model and strategy**

<b>Value proposition</b>	An automated freight and transportation, and estimation and costing system
<b>Market segment</b>	Shipping companies, freight forwarders, major shippers
<b>Structure of value chain</b>	Shippers hire freight forwarders to arrange movement of goods from origin to destination. Freight forwarders request quotations from shipping companies to ship volume from A to B at a particular time. Quotation approved by shipper, transportation expedited
<b>Position in value network</b>	Potential to be integrated in organisation of every member of the value chain
<b>Competitive strategy</b>	Speed to market is the main competitive strategy. GoMate intends to launch first and achieve rapid market penetration using a low-cost value-added solution
<b>Costs and profit potential</b>	Cost of development: ±R3 million Cost of commercialisation: ±R2 million Price: R250 per month per user

Andre's strategy could be termed a global niche strategy (Park and Bae, 2004), since GoMate is a global pioneer in a global emerging market, which implies that substantial resources are required to fully develop the business.

The strategy's goals are not entirely mutually consistent (Rumelt, 1991), as the significant upfront costs associated with development are arguably out of balance with the low-price, rapid-penetration entry strategy. Although consonant (Rumelt, 1991) with changes to industry practices relating to the requirement that rates be fixed and visibly published, this approach does not appear to take into account the time and risk problems associated with the diffusion of innovation.

Competitive advantage (Rumelt, 1991) in this strategy depends almost entirely on speed to market and this is systematically being eroded by the lack of resources required to launch. There appears to be some advantage associated with the technology, but presumably this can be matched by other approaches to achieving the same goal. Given that the business does not currently have the required resources to launch, it could therefore be concluded that the strategy has proven not feasible (Rumelt, 1991).

### **18.5. Support required**

Andre appears to have required both financial and emotional support during the new venture creation process (Audia and Rider, 2005), but has had difficulty articulating these needs and has therefore only recently succeeded in having these needs met. In all his new ventures, Andre himself has been the source of

financial support, funding business development from his earnings as an employee or from other businesses (Lingelbach *et al*, 2005; Sleuwagen and Goedhuys, 1998).

Only recently has he been able to access emotional support from his new wife . efforts to obtain this or even technical support from previous personal or business partnerships appear to have been unsuccessful.

However, Andre has been successful at attracting institutional support, both from an entrepreneurial development NGO and from a government-backed funding programme, in contrast to the experiences of other entrepreneurs in this study (Schlemmer and Hudson, 2004). For Andre, access to these resources has had the additional benefit of validating his business idea (Carter *et al*, 2003).

#### 18.6. Meaning making

Andre makes meaning from his entrepreneurial experience primarily through referring to it as a mechanism for personal growth. The growth that takes place is not seen merely as a by-product of new venture creation, but is to be valued for its own sake, whatever the success or failure outcomes of the business itself.

*I think it's good to be, to go through this process because as you are answering questions you learn more about yourself and you, you can see how you have progressed. (7D OCMS 22:784)*

*But emotionally and intellectually, you know, I have grown way beyond what money can buy. (7A OCMS 26:948)*

The implication is that this growth is uniquely associated with the entrepreneurship and is not achievable through other educational or occupational experiences. Without the kind of growth experienced during entrepreneurship, the subject believes that individuals are in entropy, and will eventually die

*I mean for me that's stagnation. You know I mean what have you done in five years? If you've moved in your job, if you have been promoted, great. If you haven't done anything, you know, then you have died. (7D OCMS 12:438)*

The growth that is stimulated by the experience of entrepreneurship occurs at both the business and personal level, improving knowledge and skills as well as enhancing self-awareness.

*For a long time when people would ask me where you from, you know I would say I'm from a different area to where I was originally from because I was ashamed. And then you know many years ago somebody interviewed me and they wanted to know a little about me and you know even through this process with you I am comfortable in saying I sewed you know rubber to my shoes because I didn't have any shoes. I am comfortable with that. (7D OCMS 22:790)*

*You know, I look at how I've changed in terms of my thinking. You know as compared to ten years ago, and I feel I have grown way beyond if I had stayed in the company. A lot of my friends are CEOs of companies and they have a lot of comfort. They don't have any risk. You know they get paid their salary and they are comfortable with that. (7A OCMS 26:944)*

Moreover, the entrepreneur as job creator is seen as having the responsibility of stimulating and supporting the growth of others . a responsibility which the subject admits is not an easy one for him to bear.

*You know, when you employ somebody and they look at you and you know that you're feeding a family, you're making a difference in somebody's life. You're helping that person grow. That for me, it's rewarding, but it is a burden at the same time. (7D OCMS 18:659)*

The use of the organic growth metaphor highlights the positive features of the entrepreneurial experience, such as learning, adaptation and continuous development, while making simultaneous reference to the subject's belief in the survival of the fittest. The metaphor hides the more negative features of an organism such as its vulnerability to the environment (Reimer and Camp, 2006).

By using this metaphor, the subject communicates his positive feelings about the entrepreneurial experience while simultaneously justifying his less-than-perfect success record to a critical audience by suggesting that the process is as important as the outcome (Reimer and Camp, 2006). In this, the subject makes reference to a socio-cultural convention that entrepreneurial endeavour is measured only by the accumulation of wealth on the part of the entrepreneur.

### **18.7. Levels of analysis**

There are strong links between personal, social and business levels of analysis in this case, although the subject seems largely unaware of the impact of his own personality on his social and business context.

### ***Personal – social***

The subject in this case is acknowledged to have difficulties with both personal and business relationships, although this appears to be because he approaches relationships defensively. Of particular significance are his feelings of alienation from others (Kets de Vries, 1985), which add stimulus to his motivation and help him to justify his entrepreneurial preferences, while inhibiting his ability to construct a useful support system.

### ***Personal – business***

Andre's businesses have tended to be inspired by opportunities he identified during employment (Crosa *et al*, 2003) and he has therefore directly applied his personal experience to the new venture creation process.

However, his personal relationship flaws have made it difficult to establish longer-term partnerships and it appears that he prefers not to manage a team of people directly. He has tended to be successful either where he operates alone, as in the FiveTwo Agency, or in a rapid turnaround situation such as Movies2u. His ability to grow a business like GoMate, which requires managing relationships with a wide variety of resources and stakeholders, may therefore be questionable.

## **18.8. Respondent differences**

During the interviews, respondents contributed several different perspectives of the entrepreneur and his experience in the new venture creation process, as illustrated in Table 23.

Apart from the observation that the subject finds relationships difficult, often combative, and prefers to conduct them at arm's length, respondents were relatively inconsistent in their descriptions of the subject.

**Table 23. Similarities and differences between respondents**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
<b>Motivation</b>		Wealth creation	Desire to create	Desire to achieve
<b>Thinking</b>		Rapid decision making Focus on long term	Slow decision making	Unpredictable
<b>Emotion</b>		Intense, competitive	Calm	Afraid of success
<b>Communication</b>				
<b>Relationships</b>	Difficult, arms length		Shy, retiring	Conflict with work colleagues
<b>Strength</b>		Creative, able to spot opportunities	Works hard, focused	
<b>Weakness</b>		Gets bored before project completed		Procrastinates

Complementary perspectives of the subject's motivation suggest that Andre is not merely motivated by wealth but also uses the venture creation process to achieve creative satisfaction and fulfil his need to achieve. The comments about the subject's tendency to procrastinate and weaknesses in implementation are also complemented by comments about his hard work and focus, reinforcing Andre's claim that he is easily bored but highly motivated when he is interested in something.

Contradictory descriptions of the subject's decision-making style perhaps point to his risk aversion and may reveal some uncertainty about the best course of action for a particular business. Similarly, respondent descriptions of the subject's emotional range highlight this ambivalence, particularly his intense desire for and fear of success.

### **18.9. Implications of this analysis**

In contrast to what is implied by much of the career theory literature (Douglas and Shepherd, 2002; Feldman and Bolino, 2000; Harvey and Evans, 1995; Gibb Dyer, 1994; Bowen and Hisrich, 1986), the entrepreneur in this case has tended not to see entrepreneurship and employment as alternatives to each other, but has moved from one to another relatively seamlessly in response to particular needs and opportunities.

Despite several failures, and their associated emotional distress, Andre was able to learn from his experiences. This illustrates how prior entrepreneurial



experience acts to increase the probability of future success (MacMillan *et al*, 1985), whether or not the ventures were successful.

The case suggests there may be a relationship between the entrepreneur's ability to manage relationships effectively and his ability to attract and retain the resources necessary for development, especially in a developing country where institutional support may be weak. This is not to suggest that the entrepreneur requires particular personality characteristics such as extroversion or personal charm, but rather that managing relationships is a skill that can and must be taught to the developing-country entrepreneur.

The case also demonstrates that the entrepreneur may be motivated to embark on venture creation for one reason, and find once he has experienced entrepreneurship that the satisfaction that can be derived from the process is from another source entirely. This highlights that the stimulus for new venture creation is likely to be different from that which determines persistence. While Andre initially sought personal wealth and status from entrepreneurship, he persists because of the personal growth satisfaction it delivers, as demonstrated by the metaphors he chooses to describe the experience.

## CHAPTER 19. CASE ANALYSIS: KENNETH

Kenneth is a 27-year-old black male educated to matric level, which he followed with a series of ad hoc courses in information technology. Filmfast, Kenneth's corporate event photography business, was established five years ago as part of a multinational IT corporation's social responsibility programme.

Kenneth is an empathic super salesman (Miner, 2000), an individual who is warm, attractive and engaging. Respondents described a determined entrepreneur, a strong leader, and a competent businessman willing to learn from his own experience as well as from the counsel of those he admires and trusts. Kenneth enjoys the independence and affluence successful entrepreneurship offers but also acknowledges the risks and hard work required.

The interviews with Kenneth were pleasant and interesting, although they gave the impression of being somewhat shallow, as if respondents were less than eager to be entirely open about their thinking.

This case analysis is based on transcripts from the interviews contained in Appendix G, coded as per Appendix I, and summarised in Chapter 11 of this document.

### 19.1. Early influences

As illustrated in figure 17, the negative features of Kenneth's early life were generally balanced by positive features, which gave him the knowledge and self-efficacy that in turn made him alert (Shane and Venkataraman, 2000) to possible new venture opportunities.

Kenneth's impoverished childhood in a large family and his father's inability to fund his tertiary education left him with a strong need to achieve (Johnson, 1990), especially in terms of financial security (Jack and Anderson, 2002). His brother's success as a lawyer gave him a role model and mentor who continues to influence his business and personal decisions. His religious faith and value

system were also passed on by his parents, and continue to influence both his personal and business decision-making (Morrison, 2001).

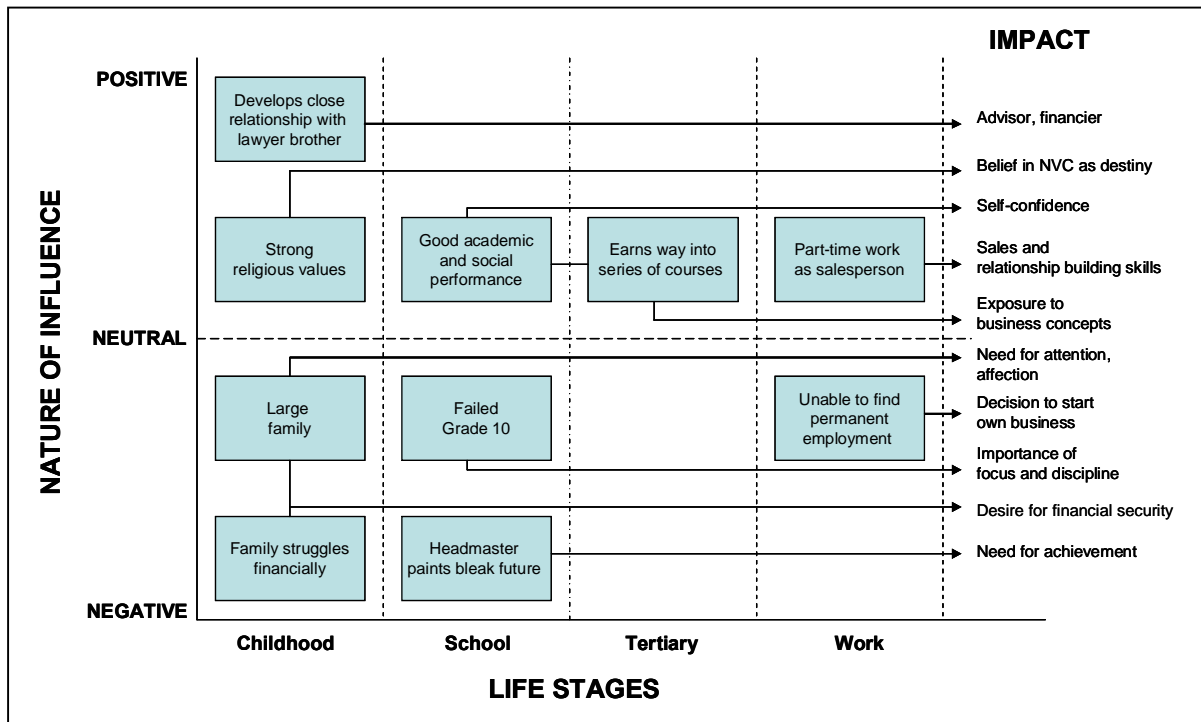


Figure 17. Early influences on the entrepreneur

Despite what he perceived to be a relatively inferior education, Kenneth did well enough at school, both socially and academically, for it to have had a positive effect on his self-esteem and propensity to act (Shane *et al*, 2003). The negative experience of an over-critical headmaster and his Grade 10 failure appear to have had positive long-term motivational effects, creating a high need to achieve (Johnson, 1990) and reinforcing the value of focus and discipline to success.

His tertiary education constrained by lack of funding, Kenneth pursued every opportunity to educate himself, both formally and vicariously by observing his brother, mentor and partner respectively (Cope, 2005).

Kenneth's work experience was extremely limited, but his exposure to technology and the sales training he received at IM have stood him in good stead (Kirsten and Rogerson, 2002), giving him the skills to build relationships with customers and providing him with a business mentor in the former CEO, as well as access to the opportunity itself and the resource required to exploit it.

## 19.2. Social capital

Although Kenneth appears to keep his wife at arm's length from the business, his brother has at various times been involved in a financial and advisory capacity (Steier, 2003). Moreover, it would appear that the business not only supports Kenneth and his immediate family but helps support the extended family as well. This extends the notion of family embeddedness to incorporate the particularly South African concept of *ubuntu* which acknowledges the interdependence of all social interaction (Mangaliso, 2001).

Kenneth's social capital is exceptionally high, partly as a result of his natural charm and partly because he deliberately and systematically sets out to establish personal and business relationships with clients, suppliers and other influential stakeholders. In addition, Kenneth goes to great lengths to maintain these relationships at an interpersonal rather than contractual level (Smith and Lohrke, 2008) through high levels of communication frequency (Hite, 2005), business performance and information exchange.

The relationships are therefore characterised by reciprocal goodwill and high levels of trust (Fuller and Lewis, 2002), ensuring repeat business and acting as a referral network for new business.

## 19.3. New venture creation process

Kenneth's motivation to embark on new venture creation appears to have been derived from his belief that no other options were available to him, together with a powerful need to create a financially secure environment for his family (Anderson and Miller, 2003).

The start-up of Filmfast may be considered serendipitous. Kenneth happened to be in the right place at the right time and therefore benefited from IM's largesse. However, the initial loan of the camera equipment was preceded by extensive lobbying on Kenneth's part for access to resources to start a business which, given his impoverished background, he could not hope to fund himself (Wynne and Lyne, 2003). Kenneth had also been actively searching for a business

opportunity, and was therefore alert to the potential a resource might represent (Shepherd and DeTienne, 2005).

Figure 18 illustrates the venture creation process Kenneth embarked on to establish Filmfast.

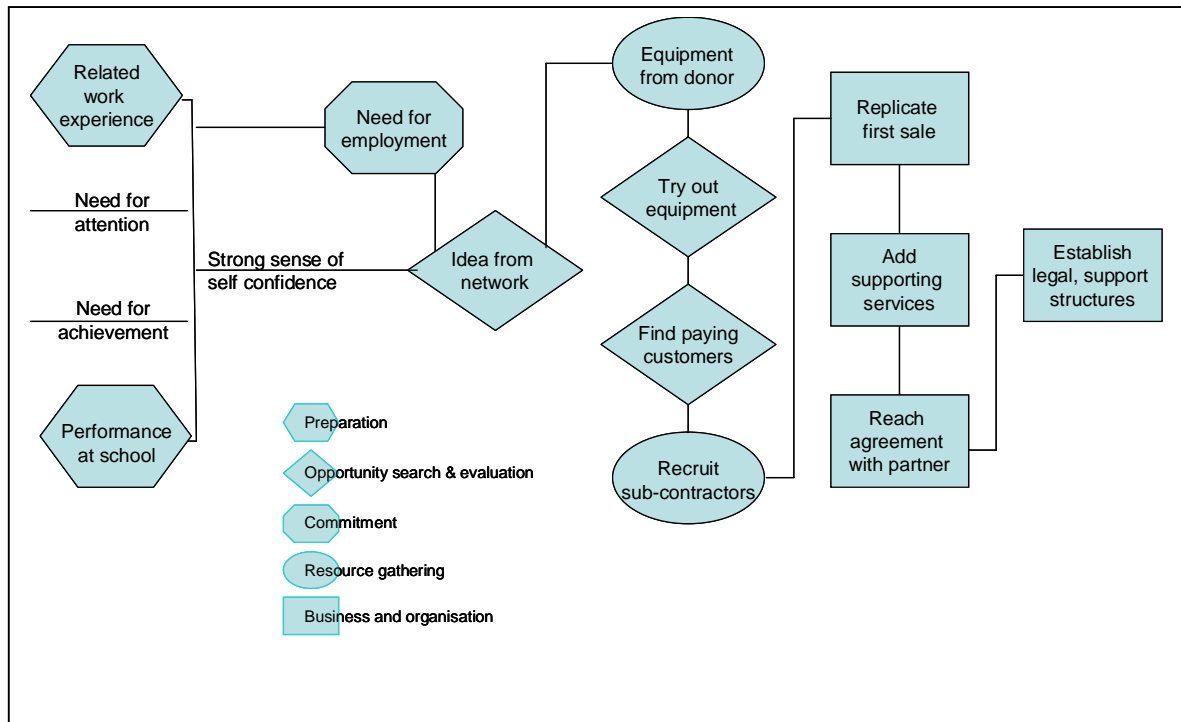


Figure 18. Kenneth's new venture creation process map

A clear start-up decision point is not identifiable in this case. Kenneth experimented with the equipment for some time before a steady stream of revenue made the enterprise seemed feasible. Filmfast operated informally for two years prior to actual registration.

Although IM gave Kenneth the means to start the business, the opportunity was fully defined and evaluated by Kenneth in a trial-and-error process (Bhave, 1994). At first, he was unsure whether the opportunity was viable but because he believed there were no other options available to him, he persisted, and early successes fuelled this gradual commitment (Bhide, 1994). Kenneth created the business around the resource to which he had access, namely the camera equipment.

Only after he had made and replicated the first sale (Bhave, 1994), did Kenneth begin to search for other resources and to add services that could help make the business sustainable. All of this occurred relatively rapidly, within six months of first gaining access to the resource (Liao *et al*, 2005).

The agreement with his business partner, Steve, could also be seen as a strategy for adding resources to the business, predominantly Steve's skills and PR services. The partners had anticipated cross-selling between the two businesses, but this had yet to occur on the hoped-for scale at the time of the study.

#### 19.4. Business model and strategy evaluation

The Filmfast strategy was truly emergent (Mintzberg, 1991) in that it evolved as a pattern of actions and decisions over time. Kenneth's actions were executed without planning and preparation and are therefore reminiscent of entrepreneurial improvisation (Hmieleski and Corbett, 2007), which is usually associated with more experienced entrepreneurs.

**Table 24. Business model and strategy**

<b>Value proposition</b>	Capturing photographic images that are immediately available on-site for gifts, promotional purposes or record-keeping
<b>Market segment</b>	<ul style="list-style-type: none"> <li>• Corporate clients holding events for clients and staff</li> <li>• Event organisers</li> <li>• Event venues</li> </ul>
<b>Structure of value chain</b>	Guests attend functions staged by event organisers or venue owners and paid for by corporate clients. Guests are photographed at events and photographer supplies media on-site to guests and/or the corporate client directly or through the event organiser or venue owner
<b>Position in value network</b>	The business has some direct corporate clients, but also works through intermediaries
<b>Competitive strategy</b>	<ul style="list-style-type: none"> <li>• Proactive relationship management with corporate clients and intermediaries is currently the key competitive weapon.</li> <li>• Attempting to add services to provide a one-stop-shop</li> </ul>
<b>Costs and profit potential</b>	Overheads are kept low because the business model is still currently quasi-social. Equipment has been supplied at very favourable terms, office rental is subsidised, most employees are on contract and the largest client views the business as part of its social responsibility programme. Profit margins per event average around 50%

The strategy may be termed 'proactive localisation' (Park and Bae, 2004), since Filmfast is a follower in a local emerging market, although there has been a certain amount of innovation in strategy implementation. The Filmfast business

model is described in table 23 in terms of the six components of Chesbrough and Rosenbloom's (2002) business model framework:

The strategy is not internally consistent (Rumelt, 1991) because the photography and PR sides of the business are not producing the hoped-for cross-selling opportunities. However, it is consonant (Rumelt, 1991) with the needs of the market for instant records of corporate events, but it is not clear to what extent the market is seeking a one-stop photography and PR service.

The strategy is feasible because overhead costs have been kept low and cash flow funds growth (Rumelt, 1991). Although Kenneth worries about competitors, it is not clear whether the intended strategy represents a sustainable competitive advantage (Rumelt, 1991).

#### **19.5. Support requirements**

Kenneth's most significant support requirement is for the worldly skills and experience he lacks (Ladzani and van Vuuren, 2002). He has constructed a triumvirate of business partner, mentor and brother to provide these skills. From his partner, Kenneth has learned formal marketing and relationship-building skills, as well as general administrative support, while his mentor and brother provide sage business advice (Ozgen and Baron, 2007).

Financial support has not often been required since the initial loan from his brother, as Kenneth has been able to fund the business from earnings almost since inception, as well as providing a reasonably good living for himself and his family (Shane, 2008). IM has provided technical support and an initial network of contacts to help Kenneth build his client base. To develop the business further, Kenneth will have to move out of his comfort zone and may well require much more in the way of support, particularly if the relationship with his partner becomes problematic.

Although he hides it fairly well, Kenneth needs emotional support and encouragement (Audia and Rider, 2005), which he receives from family members and from positive feedback from the social network he has constructed. Kenneth

also attributes his positive state of mind to his religious beliefs and practices (Dodd and Seaman, 1998).

## 19.6. Meaning making

Kenneth describes entrepreneurship as a phenomenon involving personal choice, hard work and commitment. His passion in this regard may be a function of his awareness of the role luck has played in the creation of his new venture, as he argues forcefully that the individual can create a business simply by being determined to do so.

*And you ask him, "why aren't you working? what are you waiting for?" "Aah there's no work, my bru, somebody will give me a job". "Why don't you go and look? Nobody will come to you and give you a job, you have to go out there and go and knock. Stand on a corner. Go pin somebody's ear back, or whatever". But they have this sense of entitlement; they want things to fall in their laps. It doesn't work like that, you have to work hard and maintain whatever you do, just maintain and keep doing it. (10D YBMS 21:737)*

Kenneth constructs meaning from his entrepreneurial experience by using visual metaphors. The visual metaphors are used to describe his awareness of and ability to identify opportunities, as well as to describe his intentions and the future direction of the business. Visual metaphors also describe his decision-making process and the need to be disciplined about what activities are undertaken by the entrepreneur. Indeed, Kenneth ascribes his business success to his ability to concentrate on his business to the exclusion of all else, and uses a visual metaphor to do so.

*I've always wanted to open something myself, since a very young age. And this has opened my eyes to a lot of other things, I can see that business is the way to go. Now I need to get a lot of knowledge, now I am acquiring a lot of knowledge, I want to do a lot of extra courses. (10A YBMS 16:587)*

*Ja, obviously I am looking at other opportunities and avenues, because I don't want to see myself, in ten years from now, still being the one taking the photos, absolutely not. (10A YBMS 21:762)*

*How do I make decisions? I really ... look at events and I really take time before I decide upon anything. I try and look at all the angles. (10D YBMS 13:480)*

*So I want to focus on growing this business to that level. Of course it is good to have other opportunities and other sources of income, but if it is going to*



*make me stop what I am doing now to focus on that, it is going to be a problem. (10A YBMS 20:699)*

*I think I had my head screwed the right way on and my heart was in the right place, and just focusing on what I was busy with at that time. Just keep persisting in whatever I was doing ... and focusing and keeping the main thing ... the main thing ... basically ... that is what has made this business work. (10D YBMS 15:548)*

As Vervoorn (2006) demonstrates, vision universally serves as a metaphor of knowledge acquisition. By referring to his experience using the vision metaphor, Kenneth is describing entrepreneurship as learning and progress. Given his youth and lack of business knowledge or education, his own learning must have played a central role in his entrepreneurial experience (Cope, 2005). Indeed it is this aspect of new venture creation that gives Kenneth most pleasure and satisfaction.

In the western business world, vision has also come to refer to the future (Vervoorn, 2006), and by extension to imply uncertainty. The use of the metaphor therefore hides the uncertainty and ambiguity entrepreneurship ordinarily involves, as the ability to see implies a degree of control of future events. Kenneth's use of the metaphor also reveals an ambivalence about where the business is heading, as evidenced by the lack of consensus between the partners on how future growth can and will occur.

### **19.7. Levels of analysis**

In this case, the linkages between the different levels of analysis are strong. Possibly because the business is so new, it appears to be a manifestation of Kenneth's personality.

#### ***Personal – social***

As noted several times in the text, Kenneth uses his charm to great effect in building a network of relationships with clients that will directly benefit Filmfast. In addition, Kenneth uses his relationships, especially those with his mentors, as a proxy for his own lack of knowledge and experience.

### ***Personal – business***

Kenneth had few business-related skills at the time Filmfast was initiated, so the business could be seen as an instrument of his personal growth and development. Not only has it helped him learn how to run a business, but he has also learned new technical and entrepreneurial skills, and important lessons about the market in which he is operating.

Kenneth's fear-driven determination to succeed made him persist in building relationships with existing and potential clients until they were ready and willing to do business with him.

### ***Personal – environment***

Technological change has indirectly played a major role in the development of Filmfast as the business has been able to capitalise on the substitution of digital photographic for traditional analogue equipment. However, the burden of keeping pace with technological change has largely been delegated to IM, which acts as Kenneth's technological custodian by keeping him supplied with the latest equipment, albeit at a price approaching market value.

## **19.8. Respondent differences**

Respondents were largely consistent in their descriptions of Kenneth, suggesting that his relationship skills, his delight in the financial success of the business, and his calm and consultative approach to problem-solving are all clearly observable.

A complementary perspective was provided by Steve, who highlighted Kenneth's weaknesses and offered a different view of the partnership and the future direction of the business. This suggests the relationship between the partners may not be as healthy as Kenneth would like to believe, and that the partnership may well experience difficulties in future.

Table 25 highlights the differences and similarities between respondent descriptions of the entrepreneur in this case.

**Table 25. Similarities and differences between respondent descriptions**

DIMENSION	AGREEMENT ALL RESPONDENTS	SUBJECT'S DESCRIPTION	COLLEAGUE'S DESCRIPTION	FAMILY DESCRIPTION
Motivation	Financial success, provide for family	Fear of failure		Wants to emulate brother
Thinking	Consultative decision making			
Emotion	Calm, not easily stressed	Anxious		
Communication	Articulate, empathetic, good listener			
Relationships	Nurtures and maintains actively		Family important Partnership not healthy	Knows important people
Strength	Good with people	Focus Discipline Patience	Tough on employees and suppliers	Determination
Weakness		Not assertive enough	Administration	

However, Kenneth is haunted by a fear of failure, which in turn drives an almost obsessive focus on what he considers important. This appears to contradict the image of the confident, easy-going image he seeks to portray. Similarly, while his partner describes Kenneth as being tough on employees and suppliers, Kenneth considers himself lacking in assertiveness.

### 19.9. Implications of this analysis

Kenneth's educational background was weak and his business experience virtually non-existent, but he had a strong need to achieve and a powerful role model in his brother, which seems to have acted to enhance the perceived feasibility of entrepreneurship.

Kenneth is a typical bootstrap start-up, in that the entrepreneur initiated the business with few resources, and developed it organically through hard work and personal willpower. This demonstrates that, against all odds, new venture creation can succeed given an individual's persistence and determination. More significantly, the case provides an example of how an informal, survivalist-style venture can make the transition to formal, opportunity-seeking, job-creating

business with the encouragement and support of a large corporation's social responsibility programme and a set of interested mentors.

The case also demonstrates the important role of social and business networks for the developing-country entrepreneur. Kenneth's business depends entirely on relationships, in that relationships with clients act as a competitive advantage, even over more established competitors. Relationships with his mentors act as a proxy for his own lack of experience, and relationships with employees and other stakeholders act as a substitute for more formal planning and management processes. It seems likely that this dependence on relationships is a particular feature of the developing-country environment, since it acts as the conduit to resources in the absence of a more formal support infrastructure.

The metaphors Kenneth uses to describe the entrepreneurial experience highlight that learning occurs throughout the new venture creation process, and may in itself represent a source of personal satisfaction and persistence for the entrepreneur.